

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

SYMCON, INC.,

Plaintiff,

v.

FIREMEN'S INSURANCE COMPANY OF
WASHINGTON D.C.,

Defendant.

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
CIVIL ACTION NO: 19-CVS- **19089**

COMPLAINT
(Jury Trial Demanded)

Plaintiff Symcon, Inc. ("Plaintiff") complaining of Defendant Firemen's Insurance Company of Washington, D.C. ("Defendant") alleges and says:

PARTIES, JURISDICTION AND VENUE

1. Plaintiff is a North Carolina corporation with its principal office located in Mecklenburg County, North Carolina.
2. Defendant is, upon information and belief, an insurance company incorporated in Delaware and licensed to do business and doing business in North Carolina.
3. This matter arises out of a contract of insurance issued by Defendant to Plaintiff in Mecklenburg County, North Carolina.
4. This Court has subject matter jurisdiction and is the proper division for this matter pursuant to N.C. Gen. Stat. § 7A-243 because the amount in controversy exceeds twenty-five thousand dollars (\$25,000).
5. This Court has personal jurisdiction over the parties pursuant to N.C. Gen. Stat. § 1-75.4.
6. Venue is proper in this district pursuant to N.C. Gen. Stat. § 1-79 because Plaintiff maintains its principal office in Mecklenburg County, North Carolina and pursuant to N.C. Gen.

EXHIBIT A

Stat. § 1-80 because Defendant (a foreign corporation) regularly engages in business in Mecklenburg County, North Carolina.

FACTUAL BACKGROUND

7. Defendant issued insurance policy number CPA 4240833-45 (the "Policy") to Plaintiff. The Policy's coverage period is from October 22, 2016 to October 22, 2017. A true and accurate copy of the Policy is attached hereto as Exhibit 1.

8. The Policy provides certain coverages for Plaintiff including coverage for commercial property damage and business loss resulting from property damage.

9. Upon information and belief, Berkley Southeast Insurance Group ("Berkley") is an administrator of insurance claims on behalf of Defendant. As to all matters alleged in this complaint, Berkley acted for and on behalf of Defendant in the adjusting and administration of Plaintiff's insurance claim.

10. At all times relevant, Berkley was an agent of Defendant. The acts of Berkeley's agents and employees are imputed upon and create liability for Defendant.

11. Plaintiff is in the optical disc industry. Plaintiff provides goods and services involved in the production of CDs, DVDs, CD-Rs, DVD-Rs and Blu-ray discs.

12. Plaintiff's business is located at 9724 Industrial Drive, Pineville, NC 28134 (the "Building").

13. On October 24, 2016, the Building's fire suppression system malfunctioned during an annual pressure test conducted by a third-party contractor, Performance Fire Protection, LLC (the "Incident"). A sprinkler head connected to the fire suppression system ruptured and discharged water into the Building. The ruptured pipe was located along a doorway between a room referred to as the electroforming room (the "EF Room") and a room referred to as the automatic mastering room (the "AM Room").

14. The ruptured fire suppression system discharged a large volume of water into the EF Room and AM Room for an estimated forty-five (45) minutes. Water sprayed directly onto several machines in the EF Room. The water ultimately flowed downhill into the AM Room. The result was several inches of water accumulating on the floor of the AM Room.

15. Plaintiff worked for several hours to remove the standing water with wet-dry vacuums and other equipment. After removing the standing water, Plaintiff used several large fans to dry out both rooms.

16. The Incident caused damage to several machines located in the EF and AM Rooms. Signal cables utilized by several machines and the cable connectors on these machines were soaked with water while the machines were operating which caused damage.

17. The machines were also damaged when, as a result of the Incident, Plaintiff was forced to abruptly shut off power to the EF and AM Rooms to protect machines from further damage posed by the water from the ruptured pipe.

18. Several machines also suffered from corrosion of parts caused by water exposure occurring during the Incident.

19. Many of the machines in the EF and AM Rooms have electrical components. Several machines were damaged by the water and were out of service for months. Other machines were damaged and could not be repaired.

20. Finished products located in the EF and AM Rooms were also damaged as a result of the incident.

21. Plaintiff has been unable to afford to replace certain machines which Defendant either refused or delayed in replacing.

22. Plaintiff has suffered business loss associated with the damaged equipment.

23. The damage to Plaintiff's property and Plaintiff's subsequent business loss is collectively referred to as the "Loss."

24. The Policy was in full force and effect at the time of the Incident. The Policy remained in full force and effect during the occurrence of all matters and things described herein.

25. The Policy includes replacement cost coverage for damaged equipment.

26. The Policy includes business loss coverage.

27. The "Loss" is a covered loss under the Policy.

28. Plaintiff timely notified Defendant of the loss and fulfilled all of its obligations under the Policy pertaining to Defendant's investigation of its claim.

29. On October 25, 2016 (the day after the Incident), Plaintiff notified Defendant of the Incident.

30. Upon receiving timely notice of Plaintiff's claim, Defendant hired EDT Engineers, P.C. ("EDT") to investigate the Incident.

31. Defendant also hired an independent adjuster, Bruce Whitaker of Capstone ISG, to investigate the Incident.

32. On October 26, 2016, Mr. Whitaker and Kenny A. McClure of EDT inspected the Building (including the EF and AM Rooms) on behalf of Defendant. During their inspection, Mr. Whitaker and Mr. McClure observed the cleanup and recovery effort of Plaintiff.

33. At no time did either Mr. Whitaker or Mr. McClure raise a concern with Plaintiff regarding its cleanup and recovery effort. In fact, Mr. Whitaker approved of the recovery work being performed by Plaintiff. Mr. Whitaker advised Plaintiff to continue what it was doing to clean up the water and dry out the EF and AM Rooms.

34. On or before November 3, 2016, Janet Parker of Berkley was made aware that Plaintiff was handling the removal of water from the Building and that Plaintiff was taking parts

off other machines to repair machines damaged in the Incident so that Plaintiff could get up and running.

35. Ms. Parker advised Plaintiff's insurance agent that she approved of Plaintiff's work. Specifically, Ms. Parker advised Plaintiff's insurance agent that since Plaintiff has such a specialty business, that it would be acceptable for Plaintiff to just send her repair invoices as they go along.

36. In early November 2016, Plaintiff reported the first effects of damage to certain AM mastering systems located in the AM Room. Technical problems and quality issues continued to increase over time with these machines.

37. On December 28, 2016, Plaintiff provided Defendant with a quote for parts to repair the AM mastering systems.

38. On or about December 30, 2016, Plaintiff provided Defendant with notice that Plaintiff needed to hire an outside expert to assess the technical problems and quality issues occurring with the AM mastering systems and other machines.

39. In response, Defendant took no action to hire an expert to assess the damage being reported.

40. Plaintiff hired an engineer, Mark Schlorff, that specializes in optical disc mastering to assess the damage to the AM mastering systems. Mr. Schlorff has extensive experience in the design, maintenance and repair of CD, DVD, CD-R, DVD-R and Blu-ray disc mastering systems.

41. Mr. Schlorff found that the AM mastering units were seriously damaged by corrosion on delicate precision mechanical and electrical components as a result of the Incident.

42. Mr. Schlorff's findings were reported to Defendant in May 2017.

43. Despite Defendant receiving notice of damage to the AM mastering systems in early November 2016 and notice of Mr. Schlorff's findings in May 2017, Defendant did not send someone to investigate the damage to the AM mastering systems until November 17, 2017.

44. On November 17, 2017, Mr. McClure of EDT performed a visual examination of the AM mastering systems on behalf of Defendant. Mr. McClure failed to take any measurements or samples during his visual examination. Mr. McClure acknowledged to Plaintiff that he was not familiar with AM mastering systems.

45. On or about December 19, 2017, Mr. McClure provided a report to Berkley concluding that the damage to the AM mastering systems was not related to the Incident. Rather, the report stated that the AM mastering systems were damaged by corrosion caused by long-term exposure to chemicals, vapors and unconditioned air.

46. Mr. McClure's report is incomplete; makes assumptions which are inaccurate; and improperly concludes that the damage to the AM mastering systems is not attributable to a covered loss.

47. Despite prior notice that the AM mastering systems were damaged, Defendant had not examined the AM mastering systems prior to November 7, 2017.

48. Upon information and belief, Defendant determined that it would deny Plaintiff's claim for physical damage and business loss associated with the AM mastering systems prior to an actual examination of the AM mastering systems.

49. Upon information and belief, Defendant hired Mr. McClure to examine the AM mastering systems solely to provide Defendant with an after-the-fact justification for its denial of Plaintiff's claim.

50. On or about February 13, 2018, Plaintiff submitted a rebuttal report addressing the above-referenced deficiencies and other deficiencies in the EDT report.

51. Defendant rejected Plaintiff's rebuttal report and reaffirmed its denial of Plaintiff's claim for damage to the AM mastering systems.

52. Defendant improperly concluded that the damage to the AM mastering systems was not attributable to a covered loss.

53. Plaintiff has suffered business loss related to the damage to the AM mastering systems.

54. Defendant has denied Plaintiff's claim for business loss related to the damage to the AM mastering systems.

55. Defendant has also improperly denied Plaintiff's claim for business loss related to other damaged equipment that Defendant acknowledges were damaged by the Incident.

56. Plaintiff has worked diligently to provide Defendant with documentation to support its claim; however, Defendant wrongfully and in bad faith responded that the documentation is insufficient.

57. Plaintiff submitted a comprehensive document package to Defendant consisting of well over 1,000 pages of receipts, invoices, purchase orders and expenses to document the Loss.

58. Defendant wrongfully and in bad faith decided to deny Plaintiff's claim for business loss related to the AM mastering systems prior to reviewing the documentation provided by Plaintiff.

59. Further, in bad faith, Defendant made multiple requests for Plaintiff to supplement its documentation of its business loss after, upon information and belief, it had already made an internal decision to deny Plaintiff's claim.

60. Upon information and belief, the purpose of Defendant's requests for additional information was to delay partial payment of Plaintiff's claim. Defendant was aware that Plaintiff did not have the ability to repair or replace certain equipment without payment of its insurance claim. Upon information and belief, Defendant purposefully delayed payment of Plaintiff's

business loss claim in order to exploit the financial leverage and hardship it was causing Plaintiff in hopes of effectuating a beneficial settlement of Plaintiff's claim on Defendant's behalf.

61. After the Incident, Plaintiff fully cooperated with Defendant in the claim process and complied with all material obligations of the Policy.

62. Despite Plaintiff's cooperation, and despite the extent and severity of the damage suffered at the insured property, Defendant ultimately denied insurance benefits to Plaintiff that were due and owing under the Policy, thereby failing to uphold its obligation to its insured.

63. Almost three (3) years have passed since the Incident and Plaintiff's claim remains unresolved.

64. Defendant's failure to properly investigate the Loss, along with its failure to timely adjust the Loss create liability for bad faith and amount to unfair settlement practices.

FIRST CLAIM FOR RELIEF
(Declaratory Judgment)

65. Plaintiff realleges and incorporates the preceding paragraphs as if fully set forth herein.

66. Plaintiff seeks payment of the remainder of the insured loss to its property and for its business loss.

67. Defendant denies any further liability to Plaintiff under the Policy.

68. Defendant continues to wrongfully claim that Plaintiff has failed to comply with its duties and obligations under the Policy.

69. By virtue of the foregoing, an actual controversy exists between the parties.

70. Plaintiff seeks the Court's construction of the Policy and declaration of the Plaintiff's rights and the Defendant's duties, obligations and liabilities pursuant to N.C. Gen. Stat. Chapter 1, Article 26, the Uniform Declaratory Judgment Act.

SECOND CLAIM FOR RELIEF
(Breach of Contract)

71. Plaintiff realleges and incorporates the preceding paragraphs as if fully set forth herein.

72. The Policy is a valid and enforceable contract between Plaintiff and Defendant.

73. Pursuant to the Policy, Defendant has a contractual obligation to pay the full amount of the Loss, including the cost to repair, restore, and/or replace the damaged property and Plaintiff's business loss associated with the Incident, less applicable deductibles.

74. Defendant breached the Policy by, among other things, denying a substantial portion of Plaintiff's claim and thereby failing to pay Plaintiff the requisite benefits due under the Policy.

75. Defendant breached the Policy by intentionally delaying resolution of Plaintiff's claim without just cause and drastically under-valuing Plaintiff's claim.

76. As a direct and proximate result of Defendant's breach of the Policy, Plaintiff has suffered, and will continue to suffer damages in an amount to be proven at trial.

THIRD CLAIM FOR RELIEF
(Bad Faith/Unfair Claim Settlement Practice)

77. Plaintiff realleges and incorporates the preceding paragraphs as if fully set forth herein.

78. Defendant wrote and sold the Policy purchased by Plaintiff intending to provide benefits for covered losses such as the Incident.

79. Plaintiff paid insurance premiums to bind the Policy.

80. Under the Policy, Defendant owes its insured a duty of good faith and fair dealing to fully and fairly adjust Plaintiff's claims.

81. Defendant has a fiduciary duty to Plaintiff to act in good faith.

82. Defendant has the obligation to treat Plaintiff fairly.
83. Defendant has the obligation to retain competent adjusters to adjust its insureds' claim.
84. Defendant has the obligation to place its insured's financial interests at least equal to, if not better than, Defendant's financial interests.
85. Defendant has the obligation to retain unbiased engineers.
86. Defendant has the obligation to ensure that its retained engineers apply the proper standards as defined by the Policy.
87. Defendant has the obligation to properly apply the terms of the Policy to its insureds' loss.
88. Defendant has the obligation to pay for any and all covered damages to Plaintiff's property as a result of this loss.
89. Defendant has the obligation to consider any and all information provided to it by Plaintiff and/or its representatives during the adjustment of the loss.
90. Defendant unreasonably denied payment for covered damages incurred by Plaintiff as a result of the Incident.
91. Defendant refused to pay all or portions of Plaintiff's Loss after recognition of a valid claim.
92. Defendant breached its duties by:
 - a. conducting an incomplete, inadequate, and/or outcome-oriented investigation of Plaintiff's Loss in order to avoid or delay paying benefits due and owing;
 - b. failing to consider Plaintiff's reports and estimates regarding the Loss;
 - c. misleading Plaintiff as to the terms, conditions, and coverage under the policy for the Loss;

- d. retaining outcome-oriented experts that, upon information and belief, routinely deny and/or undervalue claims for Defendant and/or other insurers in the industry, including the assignment of EDT to examine Plaintiff's AM mastering systems to provide after-the-fact justification for Defendant prior claim denial;
- e. failing to adjust and/or pay the claim within a reasonable time after receiving notice of the Loss;
- f. not attempting in good faith to effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear;
- g. leading Plaintiff to believe that it approved of Plaintiff's remediation and repair efforts after the Incident, and then denying coverage for Plaintiff's claim based on the actions which Defendant had approved to be undertaken;
- h. denying coverage for the Plaintiff's claim, delaying payment, refusing to pay, and failing to pay for the repairs and line items identified by Plaintiff as a matter of course, rather than as a result of fully and fairly investigating the Loss;
- i. compelling the insured to institute litigation to recover amounts due under the Policy by offering substantially less than the amounts ultimately recoverable by Plaintiff; and
- j. such other willful, wanton, reckless, intentional, unlawful, oppressive, unscrupulous, and wrongful acts as alleged herein and to be further determined during discovery.

93. Defendant knew and either ignored or recklessly disregarded the fact that there was no reasonable basis for engaging in the conduct alleged in the preceding paragraphs.

94. Defendant's denial of benefits due and owing under the Policy has caused Plaintiff financial distress, pecuniary loss, and has resulted in additional consequential damages.

95. Defendant knew or should have known that its decision to deny Plaintiff's claim would cause Plaintiff financial distress and pecuniary loss.

96. By committing the acts and/or omissions as described herein, Defendant has breached the covenant of good faith and fair dealing with regards to its insured.

97. This breach of the covenant of good faith and fair dealing amounts to unfair settlement practice under North Carolina law, and has caused Plaintiff to incur injuries, damages, and losses in amounts to be determined at trial.

98. The actions and/or failures to act on the part of Defendant were willful, wanton, malicious and without justification or excuse to further the improper objectives of Defendant and with conscious intent to injure Plaintiff and/or with disregard for the interests of Plaintiff to the prejudice and detriment of Plaintiff in violation of statutory and common law.

99. As a direct and proximate result of the foregoing, Plaintiff has suffered, and will continue to suffer damages in an amount to be proven at trial.

FOURTH CLAIM FOR RELIEF
(Unfair Trade Practices Act Violations)

100. Plaintiff realleges and incorporates the preceding paragraphs as if fully set forth herein.

101. At all times relevant to the facts and circumstances giving rise to this action, Defendant was engaged in activities affecting commerce. The actions of Defendant as alleged herein were acts affecting commerce within the meaning of Chapter 75 of the North Carolina General Statutes. Among other things, Defendant's act of selling insurance, and denial of certain amounts owed pursuant to the Policy, as described in this Complaint, affected commerce.

102. The actions, omissions and practices of Defendant, including its agents, employees, supervisors, underwriters, managers, directors and officers, as alleged herein and to be further

determined during discovery, constitute unfair and deceptive acts or practices in violation of N.C. Gen. Stat. §§ 75-1.1.

103. Defendant's actions, as set forth above and to be further determined during discovery, are unfair claim settlement practices in the business of insurance as defined by N.C. Gen. Stat. § 58-63-15(11). Defendant's actions constituted unfair and deceptive trade practices, in, but not limited to, the following ways:

- a. conducting an incomplete, inadequate, and/or outcome-oriented investigation of the Plaintiff's Loss in order to avoid or delay paying benefits due and owing;
- b. failing to consider Plaintiff's reports and estimates regarding the Loss;
- c. misleading Plaintiff as to the terms, conditions, and coverage under the Policy for the loss;
- d. retaining outcome-oriented experts that, upon information and belief, routinely deny and/or undervalue claims for Defendant and/or other insurers in the industry, including the assignment of EDT to examine Plaintiff's AM mastering systems to provide after-the-fact justification for Defendant prior claim denial;
- e. failing to adjust and/or pay the claim within a reasonable time after receiving notice of the Loss;
- f. not attempting in good faith to effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear;
- g. leading Plaintiff to believe that it approved of Plaintiff's remediation and repair efforts after the Incident, and then denying coverage for Plaintiff's claim based on the actions which Defendant had approved to be undertaken;

h. denying coverage for the Plaintiff's claim, delaying payment, refusing to pay, and failing to pay for the repairs and line items identified by Plaintiff as a matter of course, rather than as a result of fully and fairly investigating the Loss;

i. compelling the insured to institute litigation to recover amounts due under the Policy by offering substantially less than the amounts ultimately recoverable by Plaintiff; and

j. such other willful, wanton, reckless, intentional, unlawful, oppressive, unscrupulous, and wrongful acts as alleged herein and to be further determined during discovery.

104. Under North Carolina Law, at all times relevant, Defendant, its agents, managers, supervisors and employees had a duty not to engage in any trade practice which is defined in Article 63, Unfair Trade Practices of Chapter 58 of the North Carolina General Statute or determined pursuant to Article 63 to be an unfair or deceptive act or practice in the business of insurance.

105. As a direct and proximate result of the above-referenced acts and to be further determined during discovery, Plaintiff has suffered, and will continue to suffer actual injury and damages in an amount to be proven at trial.

106. Pursuant to N.C. Gen. Stat. § 75-16, Plaintiff is entitled to treble compensatory damages. In the alternative, Plaintiff is entitled to recover punitive damages from Defendant pursuant to N.C. Gen. Stat. §§ 1D-1 *et seq.*

107. Pursuant to N.C. Gen. Stat. § 75-16.1, Plaintiff is entitled to an award of reasonable attorney's fees.

WHEREFORE, Plaintiff prays for relief as follows:

1. Plaintiff have and recover judgment against Defendant in an amount to be determined at trial;

2. An award of punitive damages against Defendant pursuant to N.C. Gen. Stat. § 1D-1 *et seq.* and/or otherwise, or alternatively, award treble damages pursuant to N.C. Gen. Stat. § 75-1.1 *et seq.*;

3. An award of pre- and post-judgment interest as allowed by applicable law;

4. The costs of this case and Plaintiff's attorneys' fees, taxed against Defendant to the extent allowed by applicable law or within the Court's inherent authority; and

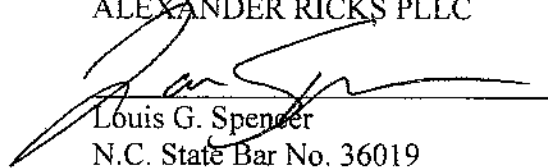
5. For such other and further relief as the Court may deem just and proper.

JURY DEMAND

Wherefore, Plaintiff demands a trial by jury on the within causes of action.

Dated: October 10, 2019.

ALEXANDER RICKS PLLC



Louis G. Spencer

N.C. State Bar No. 36019

1420 E. 7th Street, Suite 100

Charlotte, North Carolina 28204

Tel: (980) 335-0711

Fax: (704) 365-3676

Louis@AlexanderRicks.com

Attorneys for Plaintiff

Policy No. CPA 4240833 45
Previous Policy No. 4240833-44

PROCESSED ON 10/25/2016 AT 10:20

RENEWAL

Named Insured Name and Address
Symco Inc.
9724 Industrial Drive
Pineville, NC 28134

Agency Name and Address
(336) 249-4951
G. W. Monticello Agency, Inc.
307 W. Center Street, PO Box 1937
Lexington, NC 27293

FORMS ATTACHED BY LINE OF BUSINESS FOR EACH RECIPIENT COPY

The tables below list every form attached to a particular recipient copy of the indicated policy, grouped by line of business.

The recipient codes are as follows:

Additional Interest	
Agency	
Certificate Holder	
Commissioner Copy	
Company Copy	
Dept of Labor	
Financial Interest	
Insured	
Joint Owner	
Lienholder	
Memorandum	
Mortgage	
PLC	
Signature Copy	

POLICY		CPA 4240833 45										LOB: GEN									
FORM		EDITION		AI	AG	CT	CM	CC	DL	FI	IN	JO	LH	MM	MT	PC	SC				
CL IL 01 01		03-2002																			
CL IL 01 03		10-2014																			

POLICY		CPA 4240833 45										LOB: CA									
FORM		EDITION		AI	AG	CT	CM	CC	DL	FI	IN	JO	LH	MM	MT	PC	SC				
CA 00 01		01-2003																			

POLICY		CPA 4240833 45										LOB: GEN									
FORM		EDITION		AI	AG	CT	CM	CC	DL	FI	IN	JO	LH	MM	MT	PC	SC				
CL CN NP 01		02-2005																			
CL PN 01 47		01-2015																			
CL PN 02 49		01-2015																			

POLICY		CPA 4240833 45										LOB: CG									
FORM		EDITION		AI	AG	CT	CM	CC	DL	FI	IN	JO	LH	MM	MT	PC	SC				

Recipient List

Version 1.0

Page 1 of 6

FORM		EDITION		AI	AG	CT	CM	CC	DL	FI	IN	JO	LH	MM	MT	PC	SC
CL PN 03 03		08-2015															

POLICY		CPA 4240833 45										LOB: CU									
FORM		EDITION		AI	AG	CT	CM	CC	DL	FI	IN	JO	LH	MM	MT	PC	SC				

CL PN 21 37		09-2016																			
CL PN 21 42		09-2016																			

POLICY		CPA 4240833 45										LOB: CG									
FORM		EDITION		AI	AG	CT	CM	CC	DL	FI	IN	JO	LH	MM	MT	PC	SC				

CL PN 38 08		09-2016																			
-------------	--	---------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

POLICY		CPA 4240833 45										LOB: CU									
FORM		EDITION		AI	AG	CT	CM	CC	DL	FI	IN	JO	LH	MM	MT	PC	SC				

CL PN 38 09		09-2016																			
-------------	--	---------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

POLICY		CPA 4240833 45										LOB: CP									
FORM		EDITION		AI	AG	CT	CM	CC	DL	FI	IN	JO	LH	MM	MT	PC	SC				

CL PN 42 01		12-2012																			
-------------	--	---------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

POLICY		CPA 4240833 45										LOB: GEN									
FORM		EDITION		AI	AG	CT	CM	CC	DL	FI	IN	JO	LH	MM	MT	PC	SC				

CO NM 01		02-2003																			
PR IV NT 01		06-2001																			

POLICY		CPA 4240833 45										LOB: CG									
FORM		EDITION		AI	AG	CT	CM	CC	DL	FI	IN	JO	LH	MM	MT	PC	SC				

C PN 32 05		04-2014																			
------------	--	---------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

POLICY		CPA 4240833 45										LOB: GEN									
FORM		EDITION		AI	AG	CT	CM	CC	DL	FI	IN	JO	LH	MM	MT	PC	SC				

CL PY 03 31		07-2014																			
B IL 05 00		09-2007																			

CL LOC		09-2008																			
CL IL FS 01		09-2008																			

CL 01 00		03-1999																			
CL 01 58		01-2001																			

CL 06 00		01-2015																			
CL 07 03		10-2006																			

Page 2 of 6

Recipient List



FORM		EDITION		AI	AG	CT	CM	CC	DL	FI	IN	JO	LH	MM	MT	PC	SC
CL IL 00 05		11-2010															
CL IL 01 21		01-2015															
CL IL 01 34		09-2015															
EU 205		06-1992															
IL 00 03		07-2007															
IL 00 17		11-1998															
IL 00 21		07-2002															
IL 00 22		05-1987															
IL 02 09		09-2007															
IL 03 35		07-2002															
IL 03 52		01-2015															
IL 05 05		01-2015															

POLICY		CPA 4240833 45										LOB: CP									
FORM		EDITION		AI	AG	CT	CM	CC	DL	FI	IN	JO	LH	MM	MT	PC	SC				
B CP 05 01		10-2003			X						X										
CL CP 03 01		09-2000			X						X										
CL CP 02 04		01-2015									X										
CL CP 03 32		09-2015									X										
CL CP 03 33 05		09-2015			X						X										
CL CP 30 26		09-2015									X										
CP 03 10		10-2012									X										
CP 03 36		10-2012									X										
CP 06 80		07-1988									X										
CP 01 18		10-2006									X										
CP 01 80		07-2008									X										
CP 03 30		10-2002									X										

THIS POLICY OF INSURANCE IS ISSUED BY ONE OF THE FOLLOWING COMPANIES AS INDICATED ON THE FIRST PAGE OF THE DECLARATIONS.

**Berkley
Southeast Insurance Group
a W.R. Berkley Company**

Named Insured and Address
Symcon Inc
9724 Industrial Drive
Pineville, NC 28134

Agent Name and Address
O W Mountcastle Agency Inc. 15018
307 W Center Street, PO Box 1937
Lexington, NC 27293
(336) 249-4951

Policy No.
CPA 4240833-45

Issued By
Firemen's Insurance Company of Washington D.C.

Mailing Address:
1745 N Brown Rd, Suite 400
Lawrenceville, GA 30043-8156

Firemen's Insurance Company of Washington, D.C.
1205 Orange Street
Wilmington, Delaware 19801
Continental Western Insurance Company
11201 Douglas Avenue
Urbandale, Iowa 50322

Union Insurance Company
11201 Douglas Avenue
Urbandale, Iowa 50322
Acadia Insurance Company
23 Commerce Drive
Bedford, New Hampshire 03110

Administrative Office for the companies listed above:

Berkley Southeast Insurance Group a W.R. Berkley Company
1745 N Brown Rd, Suite 400
Lawrenceville, GA 30043-8156
1-878-533-3400

THE ONLY SIGNATURES APPLICABLE TO THIS POLICY ARE THOSE REPRESENTING THE COMPANY NAMED ON THE DECLARATIONS PAGE.

Firemen's Insurance Company of Washington, D.C.

Laura L. Thorne
Laura L. Thorne, Secretary
Witnessing Signature

Susan N. Grady
Susan N. Grady
President

Continental Western Insurance Company

John F. Thelen
John F. Thelen, Secretary
Witnessing Signature

Michael G. Connor
Michael G. Connor
President

Union Insurance Company

Ty Simmons
Ty Simmons, Secretary
Witnessing Signature

Keith Mitchell
Keith Mitchell
President

Acadia Insurance Company

Daniel L. Swift
Daniel L. Swift, Secretary
Witnessing Signature

Douglas Nelson
Douglas Nelson
President

IN THE EVENT YOU SUFFER A LOSS OR ACCIDENT, YOU SHOULD CONTACT YOUR AGENT IMMEDIATELY

Welcome to the Berkley Southeast Insurance Group a W.R. Berkley Company.

On behalf of our employees and the agents representing the Berkley Southeast Insurance Group of companies, we would like to thank you for selecting us as your insurance provider. The insurance buying decision can be a difficult one. Once made however, you should feel confident in the expertise of the people and the dedicated resources of the company you have selected.

As a regional insurance company, we are committed to providing insurance solutions and superior service to satisfy the needs of our local agents and policyholders. Thank you for placing your business through an independent agent and for choosing the Berkley Southeast Insurance Group.

Dennis L. Barger, CIC

INSURANCE IDENTIFICATION CARD
COMPANY NAIC 21784 (State) NC
Firemen's Insurance Company of Washington D.C.
POLICY NUMBER EFFECTIVE DATE EXPIRATION DATE
4240833 10/22/2016 10/22/2017
YEAR MAKE/MODEL VEHICLE IDENTIFICATION NUMBER
1998 CHEVROLET COU 10GEC19R1E254340
400 C1500
AGENCY/COMPANY ISSUING CARD
O W Mountcastle Agency, Inc. (336) 249-4951
307 W Center Street, PO Box 1937
Lexington NC 27293
INSURED
Symcon Inc
9724 Industrial Drive
Pineville, NC 28134

INSURANCE IDENTIFICATION CARD
COMPANY NAIC 21784 (State) NC
Firemen's Insurance Company of Washington D.C.
POLICY NUMBER EFFECTIVE DATE EXPIRATION DATE
4240833 10/22/2016 10/22/2017
YEAR MAKE/MODEL VEHICLE IDENTIFICATION NUMBER
2016 BMW X6 XDRIVE35I 5UW4U7C6A0G082312
AGENCY/COMPANY ISSUING CARD
O W Mountcastle Agency, Inc. (336) 249-4951
307 W Center Street, PO Box 1937
Lexington NC 27293
INSURED
Symcon Inc
9724 Industrial Drive
Pineville, NC 28134

THIS CARD SHOULD BE KEPT IN THE INSURED VEHICLE AND PRESENTED UPON DEMAND OF A LAW ENFORCEMENT OFFICER.

IF CARD OR ACCIDENT REPORT IS REQUESTED BY YOUR AGENT/COMPANY, SIGN AS PROVIDED BELOW THE FOLLOWING INFORMATION:

Name and address of each driver (passenger and owner)
Name of Insurance Company and policy number for each vehicle involved
EXAMINE POLICY EXCLUSIONS CAREFULLY. THIS FORM DOES NOT CONSTITUTE ANY PART OF YOUR INSURANCE POLICY OR BOND.

THIS CARD SHOULD BE KEPT IN THE INSURED VEHICLE AND PRESENTED UPON DEMAND OF A LAW ENFORCEMENT OFFICER.

IF CARD OR ACCIDENT REPORT IS REQUESTED BY YOUR AGENT/COMPANY, SIGN AS PROVIDED BELOW THE FOLLOWING INFORMATION:

Name and address of each driver (passenger and owner)
Name of Insurance Company and policy number for each vehicle involved
EXAMINE POLICY EXCLUSIONS CAREFULLY. THIS FORM DOES NOT CONSTITUTE ANY PART OF YOUR INSURANCE POLICY OR BOND.

INSURANCE IDENTIFICATION CARD
COMPANY NAIC 21784 (State) NC
Firemen's Insurance Company of Washington D.C.
POLICY NUMBER EFFECTIVE DATE EXPIRATION DATE
4240833 10/22/2016 10/22/2017
YEAR MAKE/MODEL VEHICLE IDENTIFICATION NUMBER
2012 VOLKSWAGEN GTI SPORT WWWW1NNE051568
AGENCY/COMPANY ISSUING CARD
O W Mountcastle Agency, Inc. (336) 249-4951
307 W Center Street, PO Box 1937
Lexington NC 27293
INSURED
Symcon Inc
9724 Industrial Drive
Pineville, NC 28134

INSURANCE IDENTIFICATION CARD
COMPANY NAIC 21784 (State) NC
Firemen's Insurance Company of Washington D.C.
POLICY NUMBER EFFECTIVE DATE EXPIRATION DATE
4240833 10/22/2016 10/22/2017
YEAR MAKE/MODEL VEHICLE IDENTIFICATION NUMBER
2016 LAND ROVER RANGE ROVER SALW20091G0492161
AGENCY/COMPANY ISSUING CARD
O W Mountcastle Agency, Inc. (336) 249-4951
307 W Center Street, PO Box 1937
Lexington NC 27293
INSURED
Symcon Inc
9724 Industrial Drive
Pineville, NC 28134

THIS CARD SHOULD BE KEPT IN THE INSURED VEHICLE AND PRESENTED UPON DEMAND OF A LAW ENFORCEMENT OFFICER.

IF CARD OR ACCIDENT REPORT IS REQUESTED BY YOUR AGENT/COMPANY, SIGN AS PROVIDED BELOW THE FOLLOWING INFORMATION:

Name and address of each driver (passenger and owner)
Name of Insurance Company and policy number for each vehicle involved
EXAMINE POLICY EXCLUSIONS CAREFULLY. THIS FORM DOES NOT CONSTITUTE ANY PART OF YOUR INSURANCE POLICY OR BOND.

THIS CARD SHOULD BE KEPT IN THE INSURED VEHICLE AND PRESENTED UPON DEMAND OF A LAW ENFORCEMENT OFFICER.

IF CARD OR ACCIDENT REPORT IS REQUESTED BY YOUR AGENT/COMPANY, SIGN AS PROVIDED BELOW THE FOLLOWING INFORMATION:

Name and address of each driver (passenger and owner)
Name of Insurance Company and policy number for each vehicle involved
EXAMINE POLICY EXCLUSIONS CAREFULLY. THIS FORM DOES NOT CONSTITUTE ANY PART OF YOUR INSURANCE POLICY OR BOND.

POLICYHOLDER NOTICE ASBESTOS EXCLUSION

This notice has been prepared in conjunction with the implementation of an additional exclusion endorsement which may not have been part of your previous policy. It contains a brief summary of any significant restrictions of coverage made by the addition of this endorsement to the Commercial Liability Umbrella Coverage Part. This notice is a summary only. No coverage is provided by this summary, nor can it be construed to replace any provision of the actual endorsement or your policy. If there is a conflict between the endorsement or policy provisions and this summary, THE ENDORSEMENT AND POLICY PROVISIONS SHALL PREVAIL.

Please read your policy, and the endorsements attached to your policy, carefully.

CL CU 22 11 09 16 - Asbestos Exclusion (Commercial Liability Umbrella Coverage Form)

When this endorsement is attached to your policy, liability coverage is excluded for

1. Injury or damage related, in whole or in part, to the actual, alleged, or threatened presence of, or exposure to, asbestos in any form, or to harmful substances emanating from asbestos;
2. Any loss, cost or expense due to any claim, suit, demand, judgment, obligation, order, request, settlement, or statutory or regulatory requirement that you or any other person or entity test for, monitor, clean up, remove, contain, mitigate, treat, neutralize, remediate, or dispose of, or in any way respond to or assess the actual or alleged effects of, asbestos;
3. Any loss, cost or expense due to any testing for, monitoring, cleaning up, removing, containing, mitigating, treating, neutralizing, remediating, or disposing of, or in any way responding to or assessing the actual or alleged effects of, asbestos.

As used in this endorsement, "asbestos" means any type or form of asbestos, asbestos fibers, asbestos products, or asbestos materials, including any products, goods, or materials containing asbestos or asbestos fibers, products or materials and any gases, vapors, scents or by-products produced or released by asbestos.

A new defined term, "reduction in value" is also added to your policy. "Reduction in value" means any claim demand or suit that alleges diminution, impairment, or devaluation of property.

Please refer to the endorsement for the complete text of the exclusion.

Other insurance companies may or may not have this exclusion and/or limitation in their current policies.

PLEASE CONSULT YOUR AGENT FOR ASSISTANCE WITH QUESTIONS
REGARDING THIS NOTICE OR OTHER INSURANCE MATTERS.

CL PN 21 37 09 16

Includes copyrighted material of Insurance Services Office, Inc.
with its permission

Page 1 of 1

POLICYHOLDER NOTICE LIMITATION - INJURY OR DAMAGE RELATED TO MOVEMENT OF LAND, EARTH, SOIL OR MUD

This notice has been prepared in conjunction with the implementation of an additional exclusion endorsement which may not have been part of your previous policy. It contains a brief summary of any significant restrictions of coverage made by the addition of this endorsement to the Commercial Liability Umbrella Coverage Part.

This notice is a summary only. No coverage is provided by this summary, nor can it be construed to replace any provision of the actual endorsement or your policy. If there is a conflict between the endorsement or policy provision and this summary, THE ENDORSEMENT AND POLICY PROVISIONS SHALL PREVAIL.

Please read your policy, and the endorsements attached to your policy, carefully.

CL CU 99 32 09 16, Limitation - Injury Or Damage Related To Movement Of Land, Earth, Soil Or Mud (Commercial Liability Umbrella Coverage Form)

When this endorsement is attached to your policy

Coverage is excluded for any injury or damage caused directly or indirectly or in whole or in part by, resulting from aggravated by, based on or attributable to, arising out of, or in any manner related to, any movement of land, earth, soil or mud, regardless of any other cause or event that contributes concurrently or in any sequence to that injury or damage, including but not limited to:

- Flood, surface water, waves, tides, tidal waves, overflow of any body of water or their spray, all whether wind driven or not;
- Release of water held by a dam, levee or dike or other water or flood control device;
- Mudslides or mudflow, including water that carries earth, soil, rock, sand and/or other ground material, all whether naturally occurring or backfilled;
- Water that backs up or overflows from a sewer, drain or sump;
- Improper ground preparation, design, development or construction that leads to or contributes to flooding or structural building damage, including foundations or other parts of reality;
- Surface water or water under the ground that exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls, basement, other floors, doors, windows or any other openings;
- Soil conditions which cause cracking or disarrangement of parts of reality, including action of water under the ground surface;
- Acts, decisions, error or omission, including the failure to act or decide, of any person, group, organization or governmental body; or
- Faulty, inadequate or defective:
 - o Planning, zoning, development, surveying or siting, or
 - o Designs, specifications, workmanship, repair, construction, renovation, remodeling, grading, backfilling, compaction, drainage or

CL PN 21 42 09 16

Includes copyrighted material of Insurance Services Office, Inc.
with its permission

Page 1 of 2

- o Materials used in the construction, renovation or remodeling

However, this exclusion does not apply to the extent that valid underlying insurance (that is listed in the Declarations of this policy under the Schedule of Underlying Insurance) for the land movement liability risks described in the endorsement exists or would have existed but for the exclusion of underlying liability limits. Coverage provided will follow the provisions, exclusions and limitations of such underlying insurance unless otherwise directed by the Commercial Liability Umbrella Coverage Part.

Please refer to the endorsement for the complete text of the exclusion.

Other insurance companies may or may not have this exclusion and/or limitation in their current policies.

PLEASE CONSULT YOUR AGENT FOR ASSISTANCE WITH QUESTIONS REGARDING
THESE CHANGES OR OTHER INSURANCE MATTERS.

Page 2 of 2

Includes copyrighted material of Insurance Services Office, Inc.
with its permission

CL PN 21 42 09 16

COMMERCIAL GENERAL LIABILITY
CL PN 38 08 09 16

GENERAL LIABILITY MULTISTATE FORMS REVISION ADVISORY NOTICE TO POLICYHOLDERS

This is a summary of the major changes in your policy. No coverage is provided by this summary nor can it be construed to replace any provision of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

The major areas within the policy that broaden or reduce coverage, and other changes, are highlighted below. This notice does not reference every editorial change made in your policy. We have followed the policy sequence of provisions in setting out this material.

This notice summarizes changes to several different policy forms and endorsements and some of the policy forms and endorsements referenced in the notice may not be included in your policy.

COMMERCIAL GENERAL LIABILITY COVERAGE FORM - CG 00 01 04 13

I. EXCLUSIONS

A. BROADENING OF COVERAGE

1. Coverage A - Exclusion 2.c. (Liquor Liability) is revised to provide an exception with respect to allowing a person to bring alcoholic beverages onto the named insured's premises for consumption on the named insured's premises.
2. Coverage A - Exclusion 2.p. (Electronic Data) is revised to introduce an exception for liability for damages because of bodily injury.

B. OTHER CHANGES

1. Coverage A - Exclusion 2.c. (Liquor Liability) is revised to reinforce that the exclusion applies even if claims against an insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others, or providing or failing to provide transportation with respect to any person that may be under the influence of alcohol.
2. Coverage A - Exclusion 2.g. (Aircraft, Auto Or Watercraft) is revised to delete reference to "in the state".
3. Coverage A - Exclusion 2.q. and Coverage B - Exclusion 2.p. (Recording And Distribution Of Material Or Information In Violation Of Law) were previously added to your policy via mandatory endorsement. The endorsement contained an exclusion addressing injury or damage arising out of any action or omission that violates or is alleged to violate certain statutes, ordinances and regulations. This exclusion has been incorporated directly into your policy.
4. Coverage B - Exclusions 2.b. and 2.c. (Material Published With Knowledge Of Falsity And Material Published Prior To Policy Period) are revised to reference "in any manner" with respect to oral or written publication, for consistency with the definition of personal and advertising injury.

II. CONDITIONS

OTHER CHANGES

- Condition 4. (Other Insurance) is generally revised so that the insurance provided is excess over any for which the named insured has been added as an additional insured, whether by endorsement or any other means.

III. DEFINITIONS

OTHER CHANGES

1. Definition 2. (Auto) is revised to delete reference to "in the state" with respect to where a vehicle is licensed or principally garaged.
2. Definition 12. (Mobile Equipment) is revised to delete reference to "in the state" with respect to where a vehicle is licensed or principally garaged.

CL PN 38 08 09 16

Includes copyrighted material of Insurance Services Office, Inc.
with its permission

Page 1 of 17

1. General Liability Ultra Plus Endorsement CL CG 04 92

If endorsement General Liability Enhancement Endorsement CL CG 06 01 was attached to your expiring policy, it has been withdrawn and replaced by General Liability Ultra Plus Endorsement CL CG 04 92 and the following changes apply to your renewal policy:

A. Broadening Of Coverage

- Provision 8 of CL CG 00 01 - Supplementary Payments have been increased from \$2,500 to \$3,000 for Bail Bonds and from \$300 to \$1,000 for Loss of Earnings in Provision J - Supplementary Payments - Increased Limits in CL CG 04 92
- Provision 1d of CL CG 00 01 - Newly Formed or Acquired Organizations is replaced by Provision G of CL CG 04 92 - Newly Formed Or Acquired Organization - Partnerships Or Limited Liability Company And Extended Period Of Coverage - The definition of types of organizations covered is broadened to include Partnerships and Limited Liability Companies - Coverage is broadened to extend coverage to the next anniversary date of the policy's effective date
- Provision N - Incidental Medical Malpractice has been added to CL CG 04 92

B. Reductions Of Coverage

- General Liability Ultra Plus Endorsement CL CG 04 92 does not include coverage for Property Damage - Elevators
- Provision D of CL CG 04 92 - Legal Liability - Damage To Premises Rented To You (Fire, Lightning, Explosion, Smoke, Or Leakage From Automatic Fire Protective Systems) (formerly Provision 11 - Damage To Premises Rented To You in CL CG 00 01) includes a definition of "smoke" which does not include smoke from agricultural smudging or industrial operations
- Provision E of CL CG 04 92 - Waiver of Transfer of Rights of Recovery Against Others (formerly Provision 15 of CL CG 00 01) requires the waiver to apply when the person or organization has agreed to a written contract or written agreement

C. Other Changes

- General Liability Ultra Plus Endorsement CL CG 04 92 does not include coverage for Injury to Leased Workers as provided in General Liability Enhancement Endorsement CL CG 00 01 - however we will add coverage for Injury to Leased Workers CG 04 94
- General Liability Ultra Plus Endorsement CL CG 04 92 includes \$300,000 Legal Liability - Damage to Premises Rented to You while General Liability Enhancement Endorsement CL CG 00 01 provided \$500,000 - however we will be increasing this limit to \$500,000 on the General Liability Declarations

If Advantage General Liability Endorsement CL CG 04 72 was attached to your expiring policy, it has also been withdrawn and replaced by General Liability Ultra Plus Endorsement CL CG 04 92 and the following changes apply to your renewal policy:

A. Broadening Of Coverage

- Vendors has been added to Miscellaneous Additional Insureds
- Damage from "smoke" has been added to Legal Liability - Damage to Premises Rented to You
- The following clauses have been added:
 - Unintentional Omission or Unintentional Error in Disclosure
 - Waiver of Transfer of Rights of Recovery Against Others
 - Liberalization Clause
 - Incidental Medical Malpractice

B. Reductions Of Coverage

- General Liability Ultra Plus Endorsement CL CG 04 92 does not include coverage for Property Damage - Elevators

CL PN 39 08 09 16

2. Advantage Contractors General Liability Endorsement CL CG 04 73

If Advantage Contractors General Liability Endorsement CL CG 04 73 was attached to your expiring policy, it has been withdrawn and replaced by Additional Insured - Owners, Lessees or Contractors - Automatic Status for Other Parties When Required in Written Construction Agreement CL CG 20 38 - The waiver of subrogation clause is now included in CL CG 04 92

3. Golf Course And Country Club Liability Endorsement - CL CG 00 04

If endorsement CL CG 00 04 (formerly titled Berkley Links Liability Endorsement) was attached to your expiring policy, the changes listed in paragraph 1. above apply to your renewal policy. Additional changes include:

A. Broadening Of Coverage

- Provision B - Expected Or Intended Injury or Damage is added
- Provision J - Supplementary Payments - Increased Limits is revised to reflect a \$3,000 limit for the cost of bail bonds (formerly \$2,500 limit)

B. Other Changes

- Provision T - Bodily Injury - Golf Professionals is added as a separate provision to maintain coverage

4. Educational Institutions Liability Endorsement - AL CG 44

If endorsement AL CG 44 was attached to your expiring policy, the changes listed in paragraph 1. above apply to your renewal policy. In addition, the following changes apply:

A. Broadening Of Coverage

- Provision J - Supplementary Payments - Increased Limits is revised to reflect a \$3,000 limit for the cost of bail bonds (formerly a \$2,500 limit) and a limit for loss of earnings of \$1,000 a day (formerly \$350 a day)
- Provision L - Waiver of Transfer of Rights of Recovery Against Others is added

B. Reduction Of Coverage

- Paragraph K - Additional Insured Co-Employee is deleted

5. Printers Errors And Omissions Liability - AL CG 56

If endorsement AL CG 56 was attached to your expiring policy, the following changes apply to your renewal:

A. Reduction Of Coverage

- Exclusion 2X is amended to reflect language for access or disclosure of confidential or personal information to align with the CG 00 01 coverage part
- Exclusion 2g is amended to include that the exclusion applies whether the insured may be liable as an employer or in any other capacity
- Exclusion 21 is added
- Exclusion 2m is added
- Supplementary Payments - paragraph 4 is amended to clarify that we will pay all court costs taxed against the insured, however these payments do not include attorneys' fees or attorneys' expenses taxed against the insured

B. Other Changes

- The Insuring Agreement is amended to include a clarifying statement that there is no duty to defend the insured for a suit to which this insurance does not apply
- Section II - Who Is An Insured paragraph 1 c. is amended to add limited liability company. In addition, language is added to clarify that insured status applies to executive officers and directors with respect to duties as officers or directors
- Section III - Limits of Insurance is amended to clarify that we will pay for damages arising out of the insured's negligent act, error or omission in providing printing services

CL PN 39 08 09 16

Includes copyrighted material of Insurance Services Office, Inc. with its permission

Page 7 of 17

- Section V - Definitions, paragraph 8 - Occurrence is amended to add any act, error or omission arising out of printing services
- Section V - Definitions, paragraph 10 - Pollutants is added
- Section V - Definitions, paragraph 4 - Damages is deleted - See Exclusion 2 m

6. Extension of Coverage - Co-Employee - AL CG 67

If endorsement AL CG 67 was attached to your expiring policy, the form is replaced by CL CG 04 96 - Extension Of Coverage To Co-Employee

A. Reduction Of Coverage

- Insured status for the spouse, child, parent, brother or sister of the employee is deleted

7. Contractors Limited Pollution Coverage - "Work Sites" - CL CG 00 08

If endorsement CL CG 00 08 was attached to your expiring policy, the following changes apply to your renewal:

A. Reduction Of Coverage

- Exclusion K - Aircraft, Unmanned Aircraft, Auto - Rolling Stock or Watercraft is revised to apply to unmanned aircraft. Unmanned aircraft is a new defined term to mean an aircraft that is not designed, manufactured, or modified after manufacture, to be controlled directly by a person from within or on the aircraft. This exclusion applies to negligent supervision claims. This exclusion applies to damages or clean-up costs involved use or ownership

8. Auto Service And Repair - Property Damage Coverage - CL CG 30 23

Auto Service and Repair - Broad Form Completed Operations Coverage CW 33 63 or Auto Service and Repair - Broad Form Products Coverage CW 35 16 have been withdrawn and replaced by CL CG 00 23 - If endorsement CL CG 00 23 (formerly titled Broad Form Products Coverage), or CW 33 63, or CW 35 16 was attached to your expiring policy, the following changes apply to your renewal:

A. Broadening Of Coverage

- The parts, materials and labor valuation condition is revised from 75% of usual and customary charges for repairs to the actual cost of the repairs, excluding prospective profit or overhead charges

B. Reduction Of Coverage

- A definition of "customer's auto" is added

9. Additional Insured - Owners, Lessees Or Contractors - Scheduled Person Or Organization - CL CG 20 18

If endorsement CL CG 20 18 was attached to your expiring policy, the following changes apply to your renewal:

A. Reduction Of Coverage

- Paragraph D 1 b. is revised to indicate that the professional services exclusion applies to negligent supervision claims
- Paragraph D requires that the additional insured status be granted upon a written contract or written agreement

B. Other Changes

- The endorsement does not contain primary and non-contributory status - CL CG 01 14 - Amendment of Primary And Excess Provisions (Additional Insureds) is automatically added to your policy to maintain primary and noncontributory status

10. Additional Insured - Owners, Lessees Or Contractors - Scheduled Person Or Organization - CL CG 20 19

If endorsement CL CG 20 19 was attached to your expiring policy, the following changes apply to your renewal:

A. Reduction Of Coverage

- Paragraph D 1 b. is revised to indicate that the professional services exclusion applies to negligent supervision claims

CL PN 39 08 09 16

CL PN 39 08 09 16

Includes copyrighted material of Insurance Services Office, Inc. with its permission

Page 9 of 17

43. **Exclusion - Law Enforcement Professional Liability** CL CG 21 93 has been amended to include the definition of "educational institution".
44. **Law Enforcement Professional Liability Coverage Form** CL PL 00 11 has been revised to incorporate ASO language regarding Unmanned Aircraft from CG 21 03 and exclude coverage for access or disclosure of personal or confidential information and data-related liability as per CG 21 07.
45. **Amendatory Endorsement** CL PL 01 25 has been replaced by **Amendatory Endorsement** CL PL 01 30.
46. **Exclusion - Garage Operations** GR CG 08 13 has been revised to delete the definition of "garage operations" and add the definition of "auto dealer operations" as per CA 00 25.
47. **General Endorsement** GU 20 6L and GU 20 7L have been replaced with **Declarations Extension Endorsement** CL IL 00 06.
48. **Additional Insured - Primary Coverage - Scheduled Person or Organization** CW 31 30 has been replaced with **Amendment of Primary And Excess Provisions (Additional Insureds)** CL CG 01 14.
49. **Public Entity Pak Public Officials Liability Coverage Endorsement (Without Prior Acts Coverage)** CW 33 94
Public Entity Pak Public Officials Liability Coverage Endorsement (Including Prior Acts Coverage) CW 33 95
If the 03 02 edition of CW 33 94 was attached to your expiring policy, it will be replaced with the 03 12 edition. If the 03 09 edition of CW 33 95 was attached to your expiring policy, it will be replaced with the 03 12 edition. To clarify the intent of coverage, the following exclusions have been added to both these forms:

- Cost of alterations - any "claim" or "suit" based upon arising out of or attributable to the physical alteration of any structure to accommodate or afford accessibility to any person.
- Unlawful Profit Or Gain - any "claim" or "suit" based upon arising out of, or attributable to an insured's unjust enrichment, or gaining of any personal profit, remuneration or advantage to which the insured was not legally entitled.
- Deliberate Violation of Statute, Law Or Ordinance - any "claim" or "suit" based upon arising out of or attributable to an insured's actual or alleged deliberate violation of any federal, state or local law, statute, ordinance, rule or regulation.
- Assault And Battery - any "claim" or "suit" based upon arising out of or attributable to assault and battery.
- Prior or Pending Litigation - any "suit" resulting from a "management protection wrongful act" that was pending prior to the effective date of the first policy we issued to you that provided Management Practices Liability coverage.
- Prior Knowledge - any "claim" or "suit" based upon arising out of, or attributable to any "management protection wrongful act" that any insured described under Paragraph C 1 (Section II - Who Is An Insured) or any "employee" acting in an official or managerial capacity for you could reasonably foresee would result in a "claim" or "suit" prior to the effective date of the first policy we issued to you that provided Management Practices Liability coverage.
- Insolvency Or Bankruptcy - any "claim" or "suit" based upon arising out of or attributable to the insolvency or bankruptcy of any bank, financial institution, securities dealer or investment firm that holds the assets of the insured's "employee benefit plan".
- Taxes, Fines Or Penalties - any "claim" or "suit" based upon arising out of, or attributable to taxes, fines or penalties, including those imposed under any federal, state or local law.
- Insufficiency Of Funds - any "claim" or "suit" based upon arising out of, or attributable to an insufficiency of funds to meet your obligations.
- Inadequacy Of Performance Of Investment Advice Given With Respect To Participant - any "claim" or "suit" based upon arising out of, or attributable to the failure of any investment to perform errors in providing information on past performance of investment vehicles, or advice given or judgment made with respect to that person's decision to participate or not to participate in any plan included in the insured's "employee benefit plan".
- Lead Use - any "claim" or "suit" based upon arising out of, or attributable to any actual or alleged interference with a person's right to use and enjoy property including, but not limited to:

CL PN 39 08 09 16

a reduction in property values, as a result of your exercise of the powers of eminent domain and any act or proceeding involving condemnation and inverse condemnation. However, we will defend a "suit" alleging a "management protection wrongful act" in your exercise of your right to zone property, issue permits, and regulate land use. In no event will we pay "damages" attributable to your exercise of your right to zone property, issue permits, and regulate land use.

- Pollution - any "claim" or "suit" based upon arising out of or attributable to the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time, any request, demand, order or statutory or regulatory requirement that any insured test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants" or a "claim" or "suit" by or on behalf of any governmental authority for "damages" because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing the effects of "pollutants".

Unless modified by the endorsement, the Commercial General Liability Conditions will apply. Two conditions have been added describing how the policy will respond if two or more coverages or coverage forms apply to the same claim and if you are permitted to select defense counsel.

50. Public Entity Pak Law Enforcement Liability Coverage CW 33 98
Public Entity Pak Law Enforcement Liability Coverage (Including Unknown Prior Acts Coverage) CW 33 97

If the 07 08 edition of CW 33 95 was attached to your expiring policy, it will be replaced with the 03 12 edition. If the 07 08 edition of CW 33 97 was attached to your expiring policy, it will be replaced with the 03 12 edition. To clarify the intent of coverage, the following exclusions have been added to both these forms:

- Unlawful Profit Or Gain - any "claim" or "suit" based upon arising out of, or attributable to an insured's unjust enrichment, or gaining of any personal profit, remuneration or advantage to which the insured was not legally entitled.
- Abuse Or Misfeasance - any "claim" or "suit" based upon arising out of, or attributable to the actual or threatened abuse or misfeasance by anyone of any person while in the care, custody or control of any insured, or the negligent employment, investigation, supervision, reporting to the proper authorities, or failure to so report, or retention of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded.
- Bodily Injury To Certain Persons Working For The Insured - any "claim" or "suit" based upon arising out of, or attributable to "bodily injury" to any person while working for the named insured or to any other person working for the named insured when directed to do so as the result of a court order.
- Deliberate Violation of Statute, Law Or Ordinance - any "claim" or "suit" based upon arising out of or attributable to an insured's actual or alleged deliberate violation of any federal, state or local law, statute, ordinance, rule or regulation.
- Damage To Property - any "claim" or "suit" based upon arising out of, or attributable to "property damage" to personal property in the care, custody or control of the insured. However, this exclusion does not apply to "property damage" to or theft of personal property of others that is caused and held in conjunction with "law enforcement activities".
- Prior or Pending Litigation - any "suit" resulting from a "management protection wrongful act" that was pending prior to the effective date of the first policy we issued to you that provided Management Practices Liability coverage.
- Prior Knowledge - any "claim" or "suit" based upon arising out of, or attributable to any "management protection wrongful act" that any insured described under Paragraph C 1. (Section II - Who Is An Insured) or any "employee" acting in an official or managerial capacity for you could

CL PN 39 08 09 16

Includes copyrighted material of Insurance Services Office, Inc. with its permission.

Page 15 of 17

- reasonably foresee would result in a "claim" or "suit" prior to the effective date of the first policy we issued to you that provided Management Practices Liability coverage.
- Taxes, Fines Or Penalties - any "claim" or "suit" based upon arising out of, or attributable to taxes, fines or penalties, including those imposed under any federal, state or local law.
 - Expected Or Intended Injury - any "claim" or "suit" based upon arising out of, or attributable to "bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property.
 - Pollution - any "claim" or "suit" based upon arising out of or attributable to the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time, any request, demand, order or statutory or regulatory requirement that any insured test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants" or a "claim" or "suit" by or on behalf of any governmental authority for "damages" because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of "pollutants".

Unless modified by the endorsement, the Commercial General Liability Conditions will apply.

Two conditions have been added describing how the policy will respond if two or more coverages or coverage forms apply to the same claim, and if you are permitted to select defense counsel.

51. **Bodily Injury Redefined** - CL CG 24 01 has been added. This endorsement defines "Bodily Injury" as bodily injury, disability, sickness or disease sustained by a person, including death resulting from any of those at any time. It includes mental anguish or other mental injury resulting from "bodily injury".
52. **Advantage Care, Custody Or Control Property Damage Liability Endorsement** CL CG 04 75
- Broadened coverage to cover property damage to that particular part of real property on which the insured or any contractors or subcontractors working directly or indirectly on behalf of the insured are performing operations, if the property damage arises out of those operations and to cover property damage to that particular part of any property that must be restored, repaired or replaced because your work was incorrectly performed.
 - Restricted property damage coverage to personal property in the care, custody or control of the insured to apply to personal property in the care, custody or control of the insured for storage or sale at premises owned, rented or occupied by the insured or while being transported by an aircraft, auto or watercraft owned by, operated by, rented to or loaned to the insured.
 - Added the following exclusion: property damage included within the products-completed operations hazard.
53. **Exclusion Of Damages Commencing Prior To Policy Period** CL CG 21 67
- Excludes bodily injury, property damage and personal and advertising injury caused by an occurrence which commenced or an offense that is committed prior to the first day of this policy period. This exclusion applies even if the injury, damage or offense continues, is alleged to continue or is deemed to continue during the policy period.
 - Defined term: commences means the earliest point in time of first occurrence, is alleged to first occur or is deemed to first occur, or incept, is alleged to incept or deemed to incept, or first manifest, is alleged to have first manifested, or is deemed to have first manifested.

CL PN 39 08 09 16

CL PN 39 08 09 16

Includes copyrighted material of Insurance Services Office, Inc. with its permission.

Page 17 of 17

- CL CU 21 54 - Exclusion - Designated Professional Services
- CL CU 21 88 - Veterinarians Professional Liability - Limitation of Coverage
- CL CU 21 89 - Barber Shop, Beauty Salon or Nail Salon Professional Liability - Limitation of Coverage
- CL CU 22 09 - Morticians/Funeral Directors and Cemetery Professional Liability - Limitation of Coverage
- CL CU 22 14 - Travel Agents Errors & Omissions Exclusion and Tours Limitation
- CL CU 22 83 - Exclusion - Printers Errors And Omissions Liability
- CL CU 24 13 - Counseling Professional Liability Coverage Endorsement

- Exclusion - Failure To Supply Endorsement CU 22 09 is revised to expressly state that the exclusion applies to the failure of any insured to adequately supply biotech
- Businessowners Liability Changes Endorsement CU 24 29 is introduced to modify the Commercial Liability Umbrella Coverage Form to promote greater compatibility with respect to limits of insurance related to an underlying Businessowners Policy. The endorsement provides, in part, that ultimate net loss because of bodily injury, property damage and personal and advertising injury is subject to the Econ Occurrence Limit.
- Amendment Of Insured Contract Definition Endorsement CU 24 30 and Limited Contractual Liability - Railroads Endorsement CU 24 31 are revised to reflect that the defined term insured contract addresses certain liability assumed by the named insured with respect to the tort liability of another party to the extent the assumption of tort liability is permitted by law.
- Underlying Claims-made Coverage Endorsement CU 27 60 is revised to reference "in any manner" with respect to oral or written publication, for consistency with the definition of personal and advertising injury in the Commercial Liability Umbrella Coverage Form.
- Contractual Liability Following Form CL CU 21 03 is revised to amend the lead in language and to promote greater compatibility with the respects to contractual liability exclusions in CU 00 01.
- Electromagnetic Fields Exclusion CL CU 21 05 is revised to clarify that losses arising out of, caused by, resulting from or in any way attributable, either directly or indirectly, or in whole or in part, to any actual, alleged, threatened or suspected exposure to electromagnetic fields are excluded. Additional examples of such losses and the definition of electromagnetic field are added. The definitions of personal and advertising injury and of property damage are amended to better align with CU 00 01.
- Contractors Limitation Endorsement CL CU 39 42 has been withdrawn and replaced with Contractors Limitation Endorsement CL CU 24 20 which will be attached to all umbrellas written for contracting risks. The intent of CL CU 24 20 is the essentially same though the language has been updated to clarify the exclusions.

Other Changes

- This endorsement is revised to reinforce that the exclusion applies even if claims against an insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others.
 - This endorsement is revised to reinforce that the exclusion is follow-form and may follow the provisions of the applicable underlying insurance.
- Other Insurance - Additional Insureds - Primary and Noncontributory CL CU 24 55 has been withdrawn and replaced by Other Insurance - Additional Insureds - Primary and Noncontributory CL CU 24 86. The language in CL CU 24 86 reflects that in the underlying General Liability form CL CG 01 14.
 - Employee Benefits Liability Coverage - Extended Reporting Period Endorsement CL CU 27 04 and CL CU 27 26 have been withdrawn and replaced by Extended Reporting Period Endorsement For Employee Benefits Liability Coverage CL CU 27 07.

CL PN 38 09 09 16

© Insurance Services Office, Inc. 2012

Page 6 of 9

- Employee Benefits Liability Coverage CL CU 27 22 has been withdrawn and replaced by Employee Benefits Liability Coverage CL CU 27 08.

Broadening Of Coverage

- This endorsement expands the Who Is An Insured period of coverage from 90 days or the end of the policy period, whichever is earlier to the next anniversary date of this policy's effective date or the end of the policy period, whichever is earlier.
- The title of CL CU 99 05 has been changed from Individual as Named Insured (Solely Owned Business) to Amended Endorsement - Individual as Named Insured (Solely Owned Business).
 - Garage Endorsement CL CU 99 48 has been withdrawn and replaced with Auto Dealers Endorsement CL CU 24 30 which includes the following reductions in coverage:
 - Acts, Errors or Omissions is added to Exclusions
 - Expanded Coverage Territory does not apply
 - Avian Influenza A (Avian Flu) - Exclusion CL IL 99 06 has been withdrawn and replaced by Absolute Exclusion - Avian Influenza A (Avian Flu) CL CU 22 97 which expressly excludes coverage with respect to claims alleging negligence or other wrongdoing in the hiring, employment, training, supervision or monitoring of others by any insured.
 - Exclusion - Punitive Damages CL CU 21 67 has been withdrawn and replaced by Punitive Damages Exclusion CL CU 22 08 which will be attached to all policies when Punitive Damages Exclusion CL IL 99 09 is attached to the underlying Commercial General Liability or Commercial Automobile policy.
 - Exclusion - Asbestos CL CU 21 66 has been withdrawn and replaced by Asbestos Exclusion CL CU 22 11 which will be attached to all Umbrella policies.

Other Changes

- This endorsement is revised to clarify that damage is excluded regardless of whether any other cause contributes concurrently or in any sequence to such injury or damage.
 - This endorsement is revised to remove "Dusts" from the definition of asbestos.
- Printers Errors and Omissions - Limitation of Coverage CL CU 21 82 has been withdrawn and replaced by Printers Errors or Omissions - Limitation of Coverage CL CU 21 86 which expressly addresses, in part, claims alleging negligence or other wrongdoing in the hiring, employment, training, supervision or monitoring of others by any insured.
 - Exclusion - Aircraft Products and Grounding CL CU 21 56 has been withdrawn and replaced by Exclusion - Aircraft Products and Aircraft Grounding Hazard CL CU 22 05 which also excludes bodily injury and property damage arising out of the ownership, maintenance, use or entrustment to others of any unmanned aircraft.
 - Exclusion - Subsidence or Earth Movement CL CU 21 74 has been withdrawn and replaced by Limitation - Injury or Damage Related to Movement of Land, Earth, Soil or Mud CL CU 99 32 which will be attached to all policies when Exclusion - Injury or Damage Arising Out of Products/Completed Operations Hazard and Related to Movement of Land, Earth, Soil or Mud CL CG 21 30 is attached to the underlying Commercial General Liability coverage.
 - Additional Insured - Scheduled - Primary and Non-Contributory (formerly titled Other Insurance Amendment) CL CU 10 49 has been revised to include the following:

Broadening of Coverage

- Added "by your work" performed for the additional insured and included in the "products-completed operations hazard"

Page 6 of 9

© Insurance Services Office, Inc. 2012

CL PN 38 09 09 16

- The title of CL CU 99 26 has been changed from Berkley Links Umbrella Endorsement to Golf Course and Country Club Umbrella Endorsement.

Broadening Of Coverage

- Provision F Knowledge of Occurrence does not contain a Workers Compensation insurer notice requirement
- Provision K Bodily Injury - Golf Professionals is added to amend the "bodily injury" definition to include bodily injury, disability, sickness or disease, including death, resulting from any of these at any time due to the rendering or failure to render services by a tennis, golf or touring golf or tennis professional

Reductions Of Coverage

- Provision H Waiver of Transfer of Rights of Recovery Against Others (formerly titled Waiver of Transfer of Rights of Recovery Against Others To Us) requires the waiver to apply when the person or organization has agreed to a written contract or written agreement.
- Exclusion - Consolidated (Wrap-Up) Insurance Programs CL CU 22 32 will be attached to all policies when Consolidated (Wrap-Up) Insurance Programs - Designated Operators - Limited Provisions CL CG 21 65 is attached to the underlying Commercial General Liability coverage.
 - Real Estate Property Managed CL CU 22 10 will be attached when Real Estate Property Managed CG 22 70 is attached to the underlying Commercial General Liability coverage.
 - Veterinarians Professional Liability - Limitation of Coverage CL CU 21 89 will be attached to all policies when Veterinarians Professional Liability CL CG 04 88 is attached to the underlying Commercial General Liability coverage.
 - Barber Shop, Beauty Salon or Nail Salon Professional Liability - Limitation of Coverage CL CU 21 89 will be attached to all policies when Barber Shop, Beauty Salon or Nail Salon Professional Liability CL CG 04 79 is attached to the underlying Commercial General Liability coverage.
 - Morticians/Funeral Directors and Cemetery Professional Liability - Limitation of Coverage CL CU 22 09 will be attached to all policies when Morticians/Funeral Directors and Cemetery Professional Liability CL CG 04 78 is attached to the underlying Commercial General Liability coverage.

Other Changes

- This endorsement is revised to reinforce that the exclusion applies even if claims against an insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others.
 - This endorsement is revised to reinforce that the exclusion is follow-form and may follow the provisions of the applicable underlying insurance.
- Genetically Modified Organism Exclusion CL CU 22 49 will be attached to all policies when Genetically Modified Organism Exclusion CW 35 17 is attached to the underlying Commercial General Liability coverage. This endorsement excludes liability for bodily injury, property damage and personal and advertising injury arising out of the presence of any genetically modified organism.
 - Auto Repair and Service Property Damage Coverage CL CU 24 22 will be attached to all policies when Auto Service and Repair - Property Damage Coverage CL CG 00 23 is attached to the underlying Commercial General Liability coverage.

Other Changes

- This endorsement is revised adding a condition whereby in the event of a covered occurrence should the insured be requested by us to replace the property or furnish labor and materials for repairs, this will be at the actual cost to the insured minus profit or overhead charges.

CL PN 38 09 09 16

© Insurance Services Office, Inc. 2012

Page 7 of 9

Page 8 of 9

© Insurance Services Office, Inc. 2012

CL PN 38 09 09 16

Correction and Access to Information

Upon your receipt of your written request to us at 1745 N Brown Rd, Suite 400, Lawrenceville, GA 30043-8156, we will, generally, make available information for your review. If you believe the information we have about you is incorrect or inaccurate, you may request that we make any necessary corrections, additions or deletions. If we agree with your belief, we will correct our records if required by applicable law. If we do not agree, you may submit to us a short statement of dispute, which we will include in any future disclosure by us of such information if required by applicable law.

Requirements for Privacy Notice

This privacy notice is being provided due to recently enacted federal and state laws and regulations establishing new privacy standards and requires us to provide this privacy policy. For additional information regarding our privacy policy, please write to us at 1745 N Brown Rd, Suite 400, Lawrenceville, GA 30043-8156.

Adopted June 1, 2001

POLICYHOLDER NOTICE
CL PN 02 85 04 14

COMMERCIAL GENERAL LIABILITY

NOTICE TO POLICYHOLDERS

NON-CUMULATION OF LIABILITY OF EACH OCCURRENCE LIMIT AND PERSONAL AND ADVERTISING INJURY LIMIT

This notice does not form a part of your insurance contract. It is a summary only of an additional endorsement when applied to your renewal policy. No coverage is provided by this summary, nor can it be construed to replace any provision of the actual endorsement or your policy. If there is a conflict between the endorsement or policy provisions and this summary, THE ENDORSEMENT AND POLICY PROVISIONS SHALL PREVAIL.

Please read your policy, and the endorsements attached to our policy, carefully.

CL CG 21 74 09 12 - Non-Cumulation Of Liability Of Each Occurrence Limit And Personal And Advertising Injury Limit (Commercial General Liability Coverage Part)

This endorsement is to clarify that:

1. If an "occurrence" that results in bodily injury or property damage includes continuous or repeated exposure to substantially the same general harmful conditions that extend over more than one policy period issued by us or any "affiliate", then the Each Occurrence Limit of this policy will be reduced by the amount of payments made by us and/or any "affiliate" under such other commercial general liability policy(ies) because of all such bodily injury and/or property damage, or
2. If "personal and advertising injury" caused by an offense(s) to which this policy applies is sustained by one person or organization and such offense(s) and/or injury(ies) or damage(s) involve more than one policy period issued to you by us or any "affiliate", then the Personal and Advertising Injury Limit of this policy will be reduced by the amount of payments made by us and/or any "affiliate" under such other policy(ies) because of all such "personal and advertising injury".

This does not represent any change in intent that:

- a. A single "occurrence" access only one occurrence limit for the sum of all damages and medical expenses because of all "bodily injury" and "property damage" arising out of such "occurrence" or
- b. The Personal and Advertising Injury Limit be the most that will be paid for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.

regardless of the length of the policy period or number of consecutive policy periods.

However, to the extent that a jurisdiction may have considered the application of either the Each Occurrence Limit or the Personal and Advertising Injury Limit to be ambiguous, the attachment of this endorsement may be considered a reduction in coverage.

As used in the endorsement and/or policy:

- (1) "Affiliate" means any insurer owning, owned by, controlling, controlled by, or under common ownership or control with, us at any time.

- (2) "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions; and
- (3) "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
 - (a) False arrest, detention or imprisonment;
 - (b) Malicious prosecution;
 - (c) The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
 - (d) Oral or written publication, in any manner, of material that slanders or labels a person or organization or disparages a person's or organization's goods, products or services;
 - (e) Oral or written publication, in any manner, of material that violates a person's right of privacy;
 - (f) The use of another's advertising idea in your "advertisement"; or
 - (g) Infringing upon another's copyright, trade dress or slogan in your "advertisement".

Please refer to the endorsement for its complete text.

Other insurance companies may or may not have this or an equivalent endorsement in their current policies.

PLEASE CONSULT YOUR AGENT FOR ASSISTANCE WITH QUESTIONS REGARDING THIS CHANGE OR OTHER INSURANCE MATTERS.



SAFEGUARD YOUR BUSINESS... AND YOUR IDENTITY

IS YOUR BUSINESS PREPARED FOR A BREACH?



THE FACTS*

Small to mid-size organizations are becoming growing targets for cybercrime.

More than 900 million records exposed in breaches since 2004

97% of breaches could have been avoided by applying simple or intermediate security controls.

A laptop is stolen, a back-up drive is missing, paper files are lost, and online systems are hacked...

Did you know by law, that most organizations are required to take action when a breach occurs or they will incur high fees, penalties, sanctions and possible civil litigation?

You now have access to the expert breach service team at IdentityThreat 911®. Whenever you suspect that your organization's private data may have been exposed or compromised, call contact the claims department at claims@wrbrmag.com.

We're your first line of defense in data breach preparedness, compliance and resolution.

Count on us to deliver swift and thorough solutions to help safeguard and restore your organization's reputation and the trust others place in you. You can be confident that you and your employees will have the help and protection needed after a breach.

We are pleased to offer the following services to help you protect your company's good name:

- Assess to breach preparation and crisis management assistance to confidently handle the situation
- Deploy resources to confidentially manage the crisis and control the damage to safeguard your business reputation, help prevent sanctions and fines and avoid civil litigation.
- Delivery of timely notification to preserve customer and employee goodwill, and access to personalized fraud detection assistance if any become victims of identity theft or fraud as a result of the breach.
- Assistance with fines and penalties at www.wrbrmag.com/identity
- While no one is immune to identity theft, our data breach experts are your best lines of defense.

For more information, contact your agent today.

Commercial Umbrella Coverage Part

State	Number	Edition	Description
ALL	IL 02 89	09-2007	North Carolina Changes - Cancellation & Nonrenewal

*When the word "ALL" appears in the state column, the form applies to all states on the policy.

COMMON POLICY CONDITIONS

- Assignment** - This policy may not be assigned without "our" written consent.
- Cancellation** - "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.

"We" may cancel this policy, or one or more of its parts, by written notice sent to "you" at "your" last mailing address known to "us". If notice of cancellation is mailed, proof of mailing will be sufficient proof of notice.

If "we" cancel this policy for nonpayment of premium, "we" will give "you" notice at least ten days before the cancellation is effective. If "we" cancel this policy for any other reason, "we" will give "you" notice at least 30 days in advance of cancellation. The notice will state the time that the cancellation is to take effect.

"You" return premium, if any, will be calculated according to "our" rules. It will be refunded to "you" with the cancellation notice or within a reasonable time. Payment or tender of the unearned premium is not a condition of cancellation.
- Change, Modification, or Waiver of Policy Terms** - A waiver or change of the terms of this policy must be stated by "us" in writing to be valid.
- Inspections** - "We" have the right, but are not obligated, to inspect "your" property and operations at any time. This inspection may be made by "us" or may be made on "our" behalf. An inspection or its resulting advice or report does not warrant that "your" property or operations are safe, healthful, or in compliance with laws, rules, or regulations. Inspections or reports are for "our" benefit only.
- Examination of Books and Records** - "We" may examine and audit "your" books and records that relate to this policy during the policy period and within three years after the policy has expired.

CL 0108 03 99
Copyright, American Association of Insurance Services
1998

This endorsement changes
the policy
- PLEASE READ THIS CAREFULLY -

**AMENDATORY ENDORSEMENT
NORTH CAROLINA**

- Under Common Policy Conditions, Cancellation is deleted and replaced by the following:

Cancellation - "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.

"We" may cancel this policy or one or more of its parts by written notice to "you". The notice will be sent to the addresses shown in the policy or, if not indicated in the policy, to the last addresses known to "us". "We" will also send a notice to any mortgagee, loss payee, and agent or broker of record.

The notice will state the precise reason for cancellation and the time cancellation is to take effect. Proof of mailing will be sufficient proof of notice.

If this policy has been in effect less than 60 days, "we" may cancel for any reason.

If the policy has been in effect for 60 days or more, or if it is a renewal policy issued by "us", "we" may cancel this policy only on the anniversary date, or if one or more of the following reasons apply:

a. nonpayment of premium in accordance with the policy terms;

b. an act or omission by "you" or "your" representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining the policy, continuing the policy, or presenting a claim under the policy;

c. increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of risk;

d. substantial breach of contractual duties, conditions, or warranties that materially affect the insurability of the risk;

e. a fraudulent act against "us" by "you" or "your" representative that materially affects the insurability of the risk;

f. withdrawal by "you" or "your" representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by "us";

g. loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in the North Carolina statutes;

h. "your" conviction of a crime arising out of acts that materially affect the insurability of the risk;

i. a determination by the Commissioner that the continuation of the policy would place "us" in violation of the laws of this state; or

j. "you" fail to meet the requirements contained in "our" corporate charter, articles of incorporation, or bylaws when "we" are a company organized for the sole purpose of providing members of an organization with insurance coverage in this state.

"We" will give "you" notice at least 15 days before cancellation is effective.

"You" return premium, if any, will be calculated according to "our" rules. It will be refunded to "you" with the cancellation notice or within a reasonable time. Payment or tender of the unearned premium is not a condition of cancellation.

- Under the Common Policy Conditions, the following condition is added:

Nonrenewal - If "we" decide not to renew this policy, "we" will mail or give "you" written notice of nonrenewal at least 45 days prior to the expiration date or anniversary date of the policy.

The notice of nonrenewal must state the precise reason for nonrenewal. Notice is not required if "you" have insured elsewhere, accepted replacement coverage, or have requested or agreed to nonrenewal.

Notice of nonrenewal will be sent to "you" and to any mortgagee, loss payee, and agent or broker of record at the addresses shown in the policy or, if not indicated in the policy, to the last addresses known to "us".
- Under the Common Policy Conditions, the following condition is added:

Renewal - If "we" intend to renew the policy with premium or coverage changes, "we" will mail or give "you" the renewal terms and a statement of the premium due at least 45 days prior to the expiration date or anniversary date of the policy.

Notice of renewal with premium or coverage changes will be sent to "you" and to any mortgagee, loss payee, and agent or broker of record at the addresses shown in the policy or, if not indicated in the policy, to the last addresses known to "us".

CL 0158 01 01
Copyright, American Association of Insurance Services, 2001

2 Regulatory Proceeding Claim Expense Coverage
We will pay on your behalf those Claim Expenses you become legally obligated to pay, resulting from any Regulatory Proceeding for a Privacy Wrongful Act, provided such Regulatory Proceeding is first discovered by you during the Endorsement Period or within thirty (30) days after the end of the Endorsement Period if the Endorsement is not renewed and is reported to us in accordance with Section V CONDITIONS B.

3 First Party Privacy Breach Expense Coverage
We will pay the Named Insured those Privacy Breach Expenses directly incurred in responding to a Privacy Breach Event, provided such Privacy Breach Event is first discovered by you during the Endorsement Period or within thirty (30) days after the end of the Endorsement Period if this Endorsement is not renewed and is reported to us in accordance with Section V CONDITIONS B.

B. OUR RIGHTS AND DUTIES IN THE EVENT OF CLAIMS
We have the right and duty to defend, and pay on your behalf any Claim Expenses resulting from any Claim to which this insurance applies, even if the allegations are groundless, false or fraudulent. We have the right to investigate, direct the defense, and settle any Claim as we deem expedient. Our duty ends when the Endorsement's applicable Limit of Insurance has been exhausted by our payment of Damages, Claim Expenses or Privacy Breach Expenses or we have deposited the Endorsement's remaining applicable Limit of Insurance with a court of competent jurisdiction. We have no obligation or duty to defend any Claim or pay any Claim Expenses for which coverage is excluded or not otherwise afforded by the Endorsement.

SECTION II - DEFINITIONS

A. Claim means a written demand or assertion of a legal right for money or services received by you for a Wrongful Act, including service upon you of a lawsuit or arbitration proceeding seeking injunctive relief for a Wrongful Act. A Claim does not include a Regulatory Proceeding.

B. Claim Expenses means with respect to any Claim or Regulatory Proceeding:

- 1-1 reasonable and necessary legal fees, costs and expenses charged by any lawyer or other vendor designated or approved in writing by us directly resulting from the investigation,

adjustment, settlement and/or defense of such Claim or Regulatory Proceeding.

1-2 reasonable and necessary expenses charged by a vendor designated or approved in writing by us to investigate an Unauthorized Access or Unauthorized Use of the Named Insured's Computer System to determine how Protected Information was accessed;

1-3 all interest on the full amount of any covered judgment that accrues after entry of the judgment and before we have paid, offered to pay or have deposited into a court of competent jurisdiction that part of the judgment which exceeds the remaining applicable Limits of Insurance; and

1-4 the premiums for appeal attachment or similar bonds, but only for bond amounts within the applicable Limits of Insurance. We do not have to furnish these bonds.

Claim Expenses do not include:

2-1 salaries, wages, fees, remuneration, overhead, benefits or expenses of our or your employees or officials;

2-2 fees, costs, or expenses incurred prior to the time that a Claim or Regulatory Proceeding is reported to us or paid or incurred without our prior written consent and such unilaterally incurred fees, costs or expenses shall not reduce any deductible under the Endorsement;

2-3 costs to inspect, investigate, withdraw, alter, recall, reprocess, restore, replace, retract, amend, reprint, reproduce, remediate, correct, enhance, upgrade or modify Electronic Media;

2-4 costs and expenses to comply with any injunctive or other non-monetary equitable, declaratory, regulatory or administrative relief, including specific performance or any agreement to provide such relief;

2-5 costs or expenses incurred to prevent future Unauthorized Access or Unauthorized Use of the Named Insured's Computer System; or

2-6 any fines or penalties assessed as a result of a Regulatory Proceeding.

C. Computer System means any electronic device, electronic and paper storage media as well as any communications networks owned or operated exclusively for the benefit of a single owner. Computer System includes outsource cloud-based storage.

D. Damages means any monetary amount which you become legally obligated to pay as the result of a Claim, including judgments, awards, damages, settlements to which we have consented in writing, pre-judgment and post-judgment interest awarded which directly arise from and correspond to the portion of any judgment attributable to a covered Claim.

Damages do not include:

1 any amount for which the Insured is not liable or legally obligated to pay;

2 punitive and exemplary damages, liquidated damages, taxes, fines or penalties, or any multiples thereof;

3 matters uninsurable under the law applicable to this Endorsement;

4 past, present and future earned and unearned royalties, profits, fees, costs, expenses, commissions, or the return of royalties, profits, fees, costs, expenses, commissions, and profits lawfully held or obtained;

5 costs and expenses required to comply with any injunctive or other non-monetary equitable, declaratory, regulatory or administrative relief, including specific performance, or any agreement to provide such relief; or

6 discounts, prizes, awards, coupons or other incentives offered to the Named Insured's clients or customers.

E. Electronic Media means audio, digital, informational or visual material in electronic form transmitted over the internet or other computer media, provided, however, Electronic Media does not include:

1 material in print or in any form other than that transmitted electronically over the internet or other computer media; or

2 scripts or films for theatrical release, radio or television programming, or books, manuals or other content on disc, e-reader, tablet or similar device.

F. Endorsement period means the period from the inception date stated in the Schedule to the expiration date stated in the Schedule or its earlier termination date, if any.

G. Insured means

1 all entities identified in the policy Declarations (all of which are referred to as the "Named Insured");

2 employees (not including volunteer workers or independent contractors), principals, partners, executive officers or directors of the Named Insured, but solely while acting within their capacity and the scope of their duties for or on behalf of the Named Insured; and

3 in the event of death, incapacity, bankruptcy or insolvency of any person identified in sub-paragraph 2 above, such person's heirs, estate, executor, administrators and legal representatives in his or her capacity as such.

H. Malicious Code means an unauthorized, unwanted or harmful program code or script, including, but not limited to, any virus, Trojan horse, worm, time or logic bomb, spyware, malware or spyware.

I. Media Wrongful Act means any of the following actual or alleged intentional and unknowing conduct by you directly relating to, in connection with or arising from the creation of Electronic Media which advertises or promotes the Named Insured's products or services:

- 1 libel, slander or other defamation;
- 2 invasion or infringement of an individual's right to privacy or publicity;
- 3 disparaging a person's or organization's goods, products or services;
- 4 infringement of copyright, plagiarism or misappropriation of ideas; or
- 5 infringement of trademark, trade name, trade dress, service mark or service name.

J. Network Security Wrongful Act means your intentional and unknowing failure to prevent an Unauthorized Access or Unauthorized Use of the Named Insured's Computer System that directly results in:

- 1 the inability of an insured or authorized third party user to access the Named Insured's Computer System;
- 2 the inability of an authorized third party user to access its computer system or network;
- 3 the failure or corruption of a third party's computer system or network;
- 4 your transmission or distribution of Malicious Code to a third party's computer system or network; or
- 5 the perpetration of a denial of service attack on a third party's computer system or network.

K. Privacy Breach Event means the theft or unauthorized disclosure of Protected Information.

due to the Insured's unintentional failure to safeguard such Protected Information.

L. Privacy Breach Expenses mean the following amounts, if reasonable and necessary and directly incurred by or for the Named Insured in responding to a Privacy Breach Event:

1 **Notification Expenses.** notification fees and expenses charged by a vendor designated or approved in writing by us to notify a Protected Person of an Unauthorized Access or Unauthorized Use of his or her Protected Information, pursuant to applicable Privacy Law requirements or to minimize Damages otherwise covered under this Endorsement;

2 **Monitoring Expenses.** fees and expenses charged by a vendor designated or approved in writing by us to provide monitoring, identity theft or fraud resolution services to a Protected Person, pursuant to applicable Privacy Law requirements or to minimize Damages otherwise covered under this Endorsement;

3 **Cyber investigation Expenses.** fees and expenses charged by a vendor designated or approved in writing by us to investigate the Unauthorized Access or Unauthorized Use of the Named Insured's Computer System from which Protected Information has been accessed in order to determine whether the Named Insured has an obligation to provide notice under Privacy Law; and

4 **Crisis Management Expenses.** a. fees and expenses charged by a public relations firm, law firm or crisis management firm to perform crisis management services to minimize the potential harm to the Named Insured's business from a Privacy Breach Event; and
b. fees and expenses charged by a call center designated or approved in writing by us to provide assistance managing incoming calls in high volume Privacy Breach Events.

Privacy Breach Expenses shall not include:

- 1 salaries, wages, fees, remuneration, overhead, benefits or expenses of our or your employees or officials;
- 2 fees, costs or expenses to restore, replace, remediate, repair, correct, enhance, upgrade or otherwise modify, improve or make changes to the Named Insured's Computer System following or as a result of an

actual or attempted Unauthorized Access or Unauthorized Use of the Named Insured's Computer System, including fees, costs or expenses to prevent a future Unauthorized Access or Unauthorized Use of the Named Insured's Computer System.

M. Privacy Law means any law or regulation applicable to persons and organizations who lawfully and permissibly obtain or possess a Protected Person's Protected Information requiring the posting of privacy policies, the adoption of specific privacy or security controls, or the notification of Protected Persons in the event their Protected Information has potentially been accessed or disclosed without authorization.

N. Privacy Wrongful Act means the following intentional conduct resulting from your intentional failure to safeguard Protected Information in the Named Insured's possession in the normal course of business:

- 1 your actual or alleged violation of a Privacy Law; or
- 2 your actual or alleged invasion or infringement of an individual's right to privacy or publicity.

O. Protected Information means an individual's name, social security number, medical or healthcare data, other protected health information, driver's license number, state identification number, credit card number, debit card number, account number, account histories, passwords, or other nonpublic personal information as defined in Privacy Law. Protected Information does not include records that are lawfully available to the general public for any reason, including but not limited to information from federal, state or local government records and does not include any "phone book" information such as name, address, email address, and telephone number unless part of any Privacy Law.

P. Protected Person means a person whose Protected Information is protected from unauthorized disclosure or access by a Privacy Law.

Q. Regulatory Proceeding means a formal request to you for documentation made by or an investigation or civil proceeding brought by a regulatory body or regulator directly arising from your actual or alleged unintentional breach or violation of a Privacy Law.

R. Related Claims means Claims based upon, arising from, in consequence of, directly or indirectly resulting from, or involving in any way continuous, repeated, the same, related or

substantially similar facts, circumstances, subjects, situations, decisions, cause, persons, transactions, omissions, class of persons or events, or continuous, repeated, the same, related, or a substantially similar series of facts, circumstances, subjects, situations, decisions, persons, transactions, class of persons or events.

S. Related Events means Privacy Breach Events based upon, arising from, in consequence of, directly or indirectly, resulting from, or involving in any way continuous, repeated, the same, related, or substantially similar facts, circumstances, subjects, situations, decisions, cause, persons, transactions, omissions, class of persons or events, or continuous, repeated, the same, related, or a substantially similar series of facts, circumstances, subjects, situations, decisions, persons, transactions, class of persons or events.

T. Unauthorized Access or Unauthorized Use means access to or use of the Named Insured's Computer System by a person or organization not authorized to do so, or the access to or use of the Named Insured's Computer System by an authorized person in an unauthorized manner.

U. Wrongful Act means a Media Wrongful Act, Network Security Wrongful Act or Privacy Wrongful Act.

SECTION III - EXCLUSIONS

A. We shall not be liable to pay, indemnify or reimburse Damages or Claim Expenses from any Claim or Regulatory Proceeding, or any Privacy Breach Expenses, based on, resulting from or arising out of:

- 1 Any actual or alleged direct creation of Malicious Code by you;
- 2 Any Malicious Code, denial of service attack, unauthorized intrusion into the Named Insured's Computer System to access Protected Information or any similar attack or event;

a. not directed principally at the Named Insured or its Computer System; or

b that generally affects governmental or private computer systems or networks, including Malicious Code that has been or may be identified or assigned a name by the United States Computer Emergency Readiness Team or a recognized computer security organization, such as McAfee, Symantec or Kaspersky, or any variant of any such Malicious Code.

3. The unsolicited dissemination of any communication to actual or prospective customers of the Insured or any third party,

provided, however, the above sub-parts shall not apply (1) to any Insured who did not intentionally and knowingly commit, acquiesce or participate in the conduct that gave rise to the Claim or Privacy Breach Event; or (2) in the absence of a final judgment, adjudication or binding arbitration ruling adverse to such Insured.

Upon such final adverse judgment, adjudication or final arbitration ruling, the Insured shall reimburse us for all Damages, Privacy Breach Expenses, and Claim Expenses we have incurred or paid.

6 Any actual electrical or mechanical failures, including power interruption, surge, brownout or blackout, or defect of telephone telecommunications, or data transmission lines, services, equipment or infrastructure.

9 Any actual or alleged patent infringement or theft, copying, misappropriation, display or publication of any patent, process, confidential or proprietary information or trade secret.

10 The outsourcing of data processing and other business functions to a location outside the United States, Canada or European Union when the outsourced activity involves

4. In no event shall any action brought by anyone be maintained against us unless such action is brought within twenty-four (24) months from the time the right to bring action first became available.

E. OTHER INSURANCE

This insurance shall be excess of and not contribute with all other insurance whether collective or not, that affords coverage for a Wrongful Act or a Privacy Breach Event. This condition does not apply to other insurance that is specifically and intentionally written to apply in excess of the limits provided by this Endorsement.

F. ASSIGNMENT OF THE INSURED'S INTEREST

The interest of the insured under this Endorsement is not assignable to any other person or organization, except with our prior written consent.

G. TRANSFER OF RIGHTS OF RECOVERY / SUBROGATION

If there is a payment made by us, we shall be subrogated to all of your rights of recovery against any person or organization. You will cooperate with us and do whatever is necessary to secure and recover upon these rights, including but not limited to executing any documents necessary to enable us to effectively bring suit in your name. You shall do nothing that may prejudice our position or potential or actual rights of recovery. Your rights and obligations hereunder shall survive the expiration, cancellation, or termination of this Endorsement.

With respect to a Claim, any amount recovered upon the exercise of such rights of recovery will be applied on the following terms: first, to the repayment of expenses incurred by excess of the Limits of Insurance; second, to Damages or Claim Expenses paid by this Named Insured in excess of the Limits of Insurance; third, to Damages or Claim Expenses paid by us; and finally, to Damages or Claim Expenses paid by the Named Insured toward the Deductible.

With respect to a Regulatory Proceeding, any amount recovered upon the exercise of such rights of recovery will be applied on the following terms: first, to the repayment of expenses incurred by excess of the Limits of Insurance; second, to Claim Expenses paid by the Named Insured in excess of the Limits of Insurance; third, to Claim Expenses paid by us; and finally, to Claim Expenses paid by the Named Insured toward the Deductible.

With respect to any Privacy Breach Event, any amount recovered upon the exercise of such rights of recovery will be applied on the following terms: first, to the repayment of expenses incurred by excess of the Limits of Insurance; second, to amounts paid by the Named Insured in excess of the Limits of Insurance; third, to amounts paid by us; and finally, to amounts paid by the Named Insured toward the Deductible.

Notwithstanding the foregoing, we agree to waive any right of subrogation hereunder against a client of the Named Insured, with respect to any payment made in connection with a Claim if, and to the extent that, prior to any Wrongful Act or the discovery of any Privacy Breach Event giving rise to such Claim, the Named Insured had agreed to waive its rights of subrogation against such client pursuant to a prior written contract or agreement.

H. CHANGES MADE TO THIS ENDORSEMENT

The terms and conditions of this Endorsement cannot be waived or changed except by specific written endorsement issued by us and made part of this Endorsement.

I. AUDIT

We may examine and audit your books and records at any time during the Endorsement Period and within three (3) years after the expiration or termination date of this Endorsement as far as they relate to this Endorsement.

J. FALSE OR FRAUDULENT CLAIMS

If an Insured reports any matter knowing it to be false or fraudulent, we will not be liable to make any payments related to that matter.

K. TERMS AND CONDITIONS OF ENDORSEMENT CONFORMED TO STATUTE

Where necessary, the terms and conditions of this Endorsement will be amended to conform to applicable law.

L. PREMIUM

The premium amount for this Endorsement is stated in the Schedule and is for coverage for the Endorsement Period. If during the Endorsement Period there is a change in coverage afforded, we have the right to adjust the premium as of the date of the change. Any premium adjustment shall be made in accordance with our prevailing rules and rates.

Premium shown as advance premium is a minimum and deposit premium. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable by notice to the first Named Insured if the premium for this Endorsement is a flat premium; it is not subject to adjustment.

M. TERRITORY

This Endorsement applies to Wrongful Acts, Regulatory Proceedings and Privacy Breach Events taking place anywhere in the world except Countries or States against which the United States has implemented trade or diplomatic sanctions. However, any Claim or Regulatory Proceeding must be brought in the United States.

N. CHANGE IN RISK

1. If during the Endorsement Period, the Named Insured acquires or creates another entity (other than a joint venture or partnership, which is addressed below) whose annual revenues are more than ten percent (10%) of the Named Insured's total annual revenues as set forth in the most recent Application for insurance, or if the Named Insured merges or consolidates with another entity such that the Named Insured is the surviving entity (any such acquired, created, merged or consolidated entity, including a new subsidiary, will be identified as the "Acquired Company"), then for a period of sixty (60) days after the effective date of the transaction, such Acquired Company shall be included as an Named Insured but only with respect to Network Security Wrongful Acts and Privacy Breach Events first committed or allegedly committed after the effective date of such transaction, or Privacy Breach Events that first occur after the effective date of such transaction. Upon the expiration of the sixty (60) day period there will be no coverage available under this Endorsement for any Claim, Regulatory Proceeding or Privacy Breach Event based on, resulting from, arising out of, in consequence of, or in any way in connection with or involving, directly or indirectly, the Acquired Company unless within such sixty (60) day period:

- The Named Insured gives us such information regarding such transaction as we request;
- We have specifically agreed by written endorsement to this Endorsement to provide coverage with respect to such Acquired Company and the Named Insured accepts any terms, conditions, exclusions or limitations, including payment of additional premium as we, in our sole discretion, impose in connection with the transaction; and
- The Named Insured has paid the additional premium, if any we charge and has agreed to any modifications to this Endorsement.

2. If, during the Endorsement Period, the Insured becomes a member of a new joint

venture or partner in a new partnership there will be no coverage available under this Endorsement for any Claim, Damages, Claim Expenses, Privacy Breach Event, or Wrongful Act based on, resulting from, arising out of, in consequence of, or in any way in connection with or involving, directly or indirectly, such joint venture or partnership, unless:

- The Named Insured gives us such information regarding the new joint venture or partnership as we request; and
 - We specifically agree by written endorsement to this Endorsement to provide coverage with respect to such new joint venture or partnership, and the Named Insured accepts any terms, conditions, exclusions or limitations, including payment of additional premium, as we, in our sole discretion, impose in connection with such transaction.
3. If, during the Endorsement Period, any of the following events occur:
- The Named Insured first identified in the policy Declarations is dissolved, sold, acquired by, merged into, or consolidated with another entity such that such Named Insured is not the surviving entity; or
 - A third party receiver, conservator, trustee, liquidator, rehabilitator or any similar official is appointed for or with respect to the Named Insured first identified in the policy Declarations; coverage under this Endorsement shall continue in full force and effect until the Expiration Date or any earlier cancellation or termination date, but this Endorsement shall only apply to Wrongful Acts first committed or allegedly committed before the effective date of such event or a Privacy Breach Event or Network Disruption that first occurs before the effective date of such event. There will be no coverage available under this Endorsement based on, resulting from, arising out of, in consequence of, or in any way in connection with or involving, directly or indirectly any Wrongful Act committed or allegedly committed on or after the effective date of such event or any Privacy Breach Event or Network Disruption that occurs after the effective date of such event.

O. ENTIRE AGREEMENT

The insureds agree that this Endorsement, including the Schedule and any endorsements constitutes the entire agreement between them and the Company or any of its agents relating to this insurance.

P. ECONOMIC AND TRADE SANCTIONS OR VIOLATIONS OF LAW

Any Claim, Regulatory Proceeding, Privacy Breach Event, or matter unenforceable under any act, statute, rule, regulation, ordinance, common law, or other law of the United States of America concerning trade or economic sanctions or export control laws is not covered under this Endorsement.

THIS ENDORSEMENT CHANGES COVERAGE TERMS. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES

This endorsement modifies insurance provided under the following
CYBER COVERAGE INSURANCE

SECTION V - CONDITIONS, Condition D. ACTION AGAINST US is replaced by the following

ACTION AGAINST US

No action shall be brought against us by any Insured unless as a condition precedent thereto:

- all Insureds have fully complied with all the terms and conditions of this Endorsement; and
- with respect to a Claim, the amount of Damages has been fixed or rendered certain:
 - by final judgment against the Insured after trial of the issues; and
 - the time to appeal such judgment has expired without an appeal being taken; and
 - if appeal is taken, after the appeal has been determined; and
 - the Claim is settled in accordance with the terms and conditions of this Endorsement.

No individual or entity shall have any right under this Endorsement to join us as a party to any Claim to determine the liability of any Insured, nor shall we be impleaded by you or your legal representative in any such Claim.

In no event shall any action brought by anyone be maintained against us unless such action is brought within thirty-six (36) months from the time the right to bring action first became available.

2. As used in this endorsement:

"Hazardous properties" means radioactive, toxic or explosive properties.

"Nuclear material" means "source material," "special nuclear material" or "by-product material."

"Source material" means "special nuclear material" and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor."

"Waste" means any waste material (a) containing "by-product material" other than the fissionable products of uranium or plutonium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" provided under the first two paragraphs of the definition of "nuclear facility."

"Nuclear facility" means:

(a) Any "nuclear reactor";

(b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel," or (3) handling, processing or packaging "waste."

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof or more than 250 grams of uranium 235.

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste."

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EFFECTIVE TIME CHANGES - REPLACEMENT OF 12 NOON

This endorsement modifies the COMMON POLICY DECLARATIONS.

To the extent that coverage in this policy replaces coverage in other policies terminating noon standard time on the inception date of this policy, coverage under this policy shall not become effective until such other coverage has terminated.

IL 02 59 09 07

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL - LAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
FARM UMBRELLA LIABILITY POLICY
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

A. Paragraph 2. of the Cancellation Common Policy Condition is replaced by the following:

2. Cancellation Requirements

a. Policies in Effect Less Than 60 Days

If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 15 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
- (2) 30 days before the effective date of cancellation, if we cancel for any other reason.

b. Policies in Effect More Than 60 Days

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy prior to the:

- (1) Expiration of the policy term; or
- (2) Anniversary date, stated in the policy only for one or more of the following reasons:

(a) Nonpayment of premium;

(b) An act or omission by the insured or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this policy, continuing this policy or presenting a claim under this policy;

(c) Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;

(d) Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;

(e) A fraudulent act against us by the insured or his or her representative that materially affects the insurability of the risk;

(f) Willful failure by the insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us.

(g) Loss of facultative reinsurance or loss of or substantial changes in applicable reinsurance as provided in G.S. 56-41-30;

(h) Conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk;

(i) A determination by the Commissioner of Insurance that the continuation of the policy would place us in violation of the laws of North Carolina; or

(j) You fail to meet the requirements contained in our corporate charter, articles of incorporation or by-laws when we are a company organized for the sole purpose of providing for the members of an organization with insurance coverage in North Carolina.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

- (1) 15 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
- (2) 30 days before the effective date of cancellation, if we cancel for any other reason.

c. Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.

d. We may also cancel this policy for any reason not stated above provided we obtain your prior written consent.

B. The following provisions are added and supersede any other provisions to the contrary:

1. Nonrenewal

a. If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of nonrenewal at least 45 days prior to the:

- (1) Expiration of the policy, if this policy has been written for one year or less; or
- (2) Anniversary date of the policy, if this policy has been written for more than one year or for an indefinite term.

b. We need not mail or deliver the notice of nonrenewal if you have:

- (1) Insured property covered under this policy under any other insurance policy;
- (2) Accepted replacement coverage; or
- (3) Requested or agreed to nonrenewal of this policy.

c. If notice is mailed, proof of mailing will be sufficient proof of notice.

2. The written notice of cancellation or nonrenewal:

a. Be mailed or delivered to the first Named Insured and any designated mortgagee or loss payee at their addresses shown in the policy or if not indicated in the policy at their last known addresses; and

b. State the reason or reasons for cancellation or nonrenewal.

Issuing Company: Firemen's Insurance Company of Washington D.C.

COMMERCIAL PROPERTY DECLARATIONS

COINSURANCE CONTRACT

Policy No.: CPA 4240833 - 45
Previous Policy No.: 4240833-44

NAMED INSURED AND ADDRESS
Symon inc
9724 Industrial Drive
Pineville, NC 28134

AGENCY NAME AND ADDRESS
(336) 249-4251
G. W. Mountcastle Agency, Inc.
307 W. Center Street, PO Box 1937
Lexington, NC 27293

POLICY PERIOD

Policy Period: From 10/22/2016 to 10/22/2017 at 12:01 A.M. Standard Time at your mailing address shown above

TOTAL ADVANCE PREMIUM \$17,734

DESCRIPTION OF PREMISES AND COVERAGES PROVIDED

Description Of Property	Limit	Cause Of Loss	Consurance	Valuation	Inflation Guard
LOCATION: # 1 9724 INDUSTRIAL DR Pineville, NC 28134-8385	Deductible: \$1,000				

BUILDING # 1

1 Story Masonry Non-Combustible Building
Occupied As Optical Goods - Distributors and Stores - if over 5 employees engaged in grinding or polishing

Building	1,842,527	SPECIAL	90%	RC
Business Personal Property	3,000,000	SPECIAL	90%	RC
Business Income	3,000,000	SPECIAL	90%	RC
Includes Rental Value including Extra Expense				

BUILDING # 2

1 Story Non-Combustible Building
Occupied As Contractors NOC - equipment storage

Building	\$4,050	SPECIAL	90%	RC
----------	---------	---------	-----	----

BUILDING # 3

1 Story Non-Combustible Building
Occupied As Contractors NOC - equipment storage

Building	\$6,529	SPECIAL	90%	RC
----------	---------	---------	-----	----

KEY: ACV = Actual Cash Value AV = Agreed Value FBV = Functional Building Valuation RC = Replacement Cost
MR = Monthly Reporting

COVERAGES APPLICABLE TO ALL LOCATIONS

B CP DS 01 10 00 includes copyrighted material of Insurance Services Offices, Inc. with its permission

Page 1 of 2

Policy No. CPA 4240833 - 45

MORTGAGE HOLDER(S)

Location # 1 Building # 1
Yachin Bank
PO Box 200046
Kennesaw, GA 30146

FORMS APPLICABLE

See attached "Schedule of Forms and Endorsements"

Page 2 of 2 includes copyrighted material of Insurance Services Offices, Inc. with its permission B CP DS 01 10 00

Policy Number: CPA 4240833 - 45

SCHEDULE OF FORMS AND ENDORSEMENTS

The following Declarations, Coverage Forms, Conditions, and Endorsements are applicable to:

Commercial Property

State*	Number	Edition	Description
ALL	B CP DS 01	10-2000	Commercial Property Declarations
ALL	CL CP FS 01	09-2008	Schedule of Forms and Endorsements
ALL	CL CP 00 04	01-2015	Equipment Breakdown Coverage Endorsement
ALL	CL CP 00 32	09-2015	Premier Choice Property Enhancement
ALL	CL CP 00 33 06	03-2015	Premier Choice Property Enhancement Schedule
ALL	CL CP 00 36	09-2015	Business Income Endorsement
ALL	CP 00 10	15-2012	Building and Personal Property Coverage Form
ALL	CP 00 30	10-2012	Business Income (And Extra Expense) Coverage Form
ALL	CP 00 90	07-1988	Commercial Property Conditions
ALL	CP 01 18	10-2008	North Carolina Changes
ALL	CP 01 40	07-2008	Exclusion of Loss Due to Virus or Bacteria
ALL	CP 10 30	10-2012	Causes Of Loss - Special Form

*When the word "ALL" appears in the state column, the form applies to all states on the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
CAUSES OF LOSS - BASIC FORM
CAUSES OF LOSS - BROAD FORM
CAUSES OF LOSS - SPECIAL FORM

Subject to all terms and conditions provided by the Commercial Property Coverage Part, the following additional coverage is added:

A. We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from "Equipment Breakdown"

1. "Equipment Breakdown" means the following:

4. Physical loss or damage both originating within:

(1) Boilers, fired or unfired pressure vessels, vacuum vessels and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:

(a) Waste disposal piping.
(b) Any piping forming part of a fire protective system.
(c) Furnaces, and
(d) Any water piping other than:

(i) Boiler feed water piping between the feed pump and the boiler

(ii) Boiler condensate return piping, or

(iii) Water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes

(2) All mechanical, electrical, electronic or fiber optic equipment

B. Caused by, resulting from, or consisting of:

(1) Mechanical breakdown.
(2) Electrical or electronic breakdown
(3) Rupture, bursting, bulging, implosion or steam explosion or
(4) Artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances or wires

If covered electrical equipment requires drying out as a result of a flood we will pay for the direct expenses of such drying out

2. However, "Equipment Breakdown" does not mean:

a. Physical loss or damage caused by or resulting from any of the following:

(1) Wear and tear.
(2) Rust or other corrosion, decay, deterioration, hidden or latent defect, mold or any other quality in property that causes it to damage or destroy itself

(3) Smog.

(4) Settling, cracking, shrinking or expansion.

(5) Nesting or infestation, or discharge or release of waste products or secretions, by birds, rodents or other animals

(6) Any accident, loss, damage, cost, claim, or expense whether preventive, remedial, or otherwise directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, interpretation, sequencing or processing of data by

(c) Electromagnetic waves or microwaves

COMMERCIAL PROPERTY
CL CP 00 32 09 15

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREMIER CHOICE PROPERTY ENHANCEMENT

This endorsement modifies insurance provided under the following

BUILDING AND PERSONAL PROPERTY COVERAGE FORM CAUSES OF LOSS - SPECIAL FORM COMMERCIAL PROPERTY CONDITIONS

The provisions of the Building And Personal Property Coverage Form and the Causes Of Loss - Special Form apply except as otherwise provided in this endorsement

1. Changes to the Building and Personal Property Coverage Form

A. Broadened Premises Boundary

Any reference to distance from the described premises is changed from 100 feet to 1,000 feet

B. The following is added to Your Business Personal Property in the Coverage Section

1. **Tenant's Exterior Building Glass** If you are a tenant and no limit of insurance is shown in the Declarations for Building property, we will pay for direct physical loss of or damage to exterior building glass

- Owned by you,
- Your contractual responsibility to insure, or
- Your contractual responsibility to pay for loss or damage

The value of exterior building glass will be determined in accordance with the Valuation Condition applicable under this Policy, or at the amount for which you are liable under contract, whichever is less. If required by law, the exterior building glass is covered at the cost of replacement with safety glazing material

C. The Additional Coverages in the Coverage section are amended as follows

1. Debris Removal

The additional amount for debris removal expense for physical loss or damage to Covered Property is increased to the limit shown in the Premier Choice Property Enhancement Schedule

2. Preservation of Property

The number of days is increased to 90 days

3. Fire Department Service Charge

The limit of insurance for Fire Department Service Charge is increased to the limit shown in the Premier Choice Property Enhancement Schedule

4. Pollutant Clean-up And Removal

The limit of insurance for Pollutant Clean-up And Removal is increased to the limit shown in the Premier Choice Property Enhancement Schedule

5. Increased Cost Of Construction

The Additional Coverage, Increased Cost Of Construction is deleted and replaced by Ordinance or Law Coverage shown in item 18, in Additional Coverages of this endorsement

6. Computer Equipment Including Electronic Data

The Additional Coverage, Electronic Data is deleted and replaced with the following

a. We will pay for direct physical loss or damage to:

- "Computer Equipment" and "Laptops or Mobile Devices" and related component parts that are

[a] Your property (other than your stock) at your described premises or

[b] Leased property for which you have a contractual responsibility to insure at your described premises or

[c] Your property or leased property while in transit or temporarily away from the premises described in the Declarations

3. Changes to the Causes Of Loss - Special Form

a. Covered Cause of Loss also means "Equipment Breakdown"

b. Exclusions B.2.d.(6) and B.2.a do not apply with respect to the coverage provided by this endorsement.

c. Exclusion B.2.a is deleted and replaced by the following

Magnetic or electromagnetic energy that disturbs, disrupts or otherwise interferes with any

- Electrical or electronic wire, device, appliance, system or network, or
- Device, appliance, system or network utilizing cellular or satellite technology

For the purposes of this exclusion, magnetic or electromagnetic energy includes but is not limited to

(a) Electrical charge produced or conducted by a magnetic or electromagnetic field

(b) Pulse of electromagnetic energy, or

(c) Electromagnetic waves or microwaves

However, if damage results causing an "Equipment Breakdown" we will pay for the loss or damage caused by that "Equipment Breakdown" But if fire results, we will pay for the loss or damage caused by that fire

d. Limitations C.1.a. and C.1.b. do not apply with respect to the coverage provided by this endorsement

e. The following is added to the "Specified causes of loss" in Definitions paragraph D.2.

"Specified causes of loss" also means "Equipment Breakdown"

Subject to the provisions of this Additional Coverage, we will determine the value of Covered Property in the event of covered direct physical loss or damage as follows

"Computer equipment" and "Laptops or Mobile Devices" at replacement cost as of the time and place of loss without deduction for physical depreciation, obsolescence or wear. Replacement Cost valuation does not apply until the damaged or destroyed property is repaired or replaced

In the event replacement of "computer equipment" and "Laptops or Mobile Devices" with identical property is impossible, the replacement cost will be the cost of items that are similar to the damaged or destroyed equipment and intended to perform the same function, but which may include technological advances. "Computer equipment" and "Laptops or Mobile Devices" that are obsolete or no longer used by you will be valued at actual cash value

(2) Electronic Data as defined under Property Not Covered in the Building And Personal Property Coverage Form

Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that Electronic Data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the Electronic Data was stored, with blank media of substantially identical type

(3) Your bank electronic or magnetic media

b. The loss or damage must be caused by or result from a Covered Cause of Loss

(1) The Covered Causes of Loss are amended to include a "virus" harmful code or similar instruction that is intentionally introduced into or an unwanted entry into or enacted on a computer system (including Electronic Data) or a network to which it is connected

designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including Electronic Data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system

c. The following Causes of Loss - Special Form Exclusions do not apply to coverage provided by this additional coverage

- Utility Services - Direct Damage
- Artificially Generated Electricity
- Mechanical Breakdown
- Dampness or dryness of atmosphere, changes in or extremes of temperature and stirring or scorching
- Floods, surface water waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not, and
- Earth movement, such as an earthquake, landslide or earth sinking, rising or shifting. All loss by a single earthquake shall constitute a single claim. If more than one earthquake shock shall occur within 168 hours during the term of this policy, such earthquake shocks shall be deemed to be a single earthquake

d. The most we will pay for "virus" harmful code or similar instruction is \$10,000 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance available for subsequent loss or damage sustained in, but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy

year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began

e. The most we will pay under this Additional Coverage in any one occurrence for loss or damage to "Computer Equipment" is the limit shown in the Premier Choice Property Enhancement Schedule. We will not pay more than \$5,000 for "Laptop or Mobile Device(s)" while in transit or away from the described premises

7. Brands and Labels is added as follows

a. If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. If so, you may

(1) Stamp salvage on the merchandise or its containers. If the stamp will not physically damage the merchandise; or

(2) Remove the brands or labels, if doing so will not physically damage the merchandise. You must re-label the merchandise or its containers to comply with the law

b. We will pay reasonable costs you incur to perform the activity described in a (1) or a (2) above, but the most we will pay for loss in any one occurrence is the limit shown in the Premier Choice Property Enhancement Schedule

8. Expediting Expenses is added as follows

a. We will pay the Expediting expenses that you incur as a result of direct physical loss or damage to Covered Property

b. Expediting Expenses are reasonable extra costs for temporary repairs of and for expediting the repairs or replacement of Covered Property damaged by a Covered Cause of Loss. Expediting Expenses include overtime wages and the extra cost of express or other rapid means of transportation. Expediting Expenses do not include the cost incurred for the temporary rental of property, temporary replacement of damaged property, or expenses recover-

able elsewhere in the Building and Personal Property Coverage Form of this Endorsement

c. The most we will pay for all such expenses arising from any one occurrence is the limit shown in the Premier Choice Property Enhancement Schedule

9. Fire Protection Equipment Recharge is added as follows

We will pay

a. Expenses you incur for the recharging or refilling of your automatic fire extinguishing equipment after such equipment is discharged as a result of a fire to your Covered Property

b. For loss or damage to Covered Property caused by the accidental discharge of fire suppressant chemicals from your automatic fire extinguishing system. This limit may be used to cover the additional expense you incur to recharge such systems following a covered accidental discharge, or

c. The cost you incur to recharge or refill portable fire extinguishing equipment after being used to fight a fire to your Covered Property

d. The most we will pay under this Additional Coverage for all such expenses arising from any one occurrence at your described premises is the limit shown in the Premier Choice Property Enhancement Schedule

10. Loss Data Preparation Cost is added as follows

We will pay the costs you incur up to the limit shown in the Premier Choice Property Enhancement Schedule, in collecting and preparing loss data required by applicable policy conditions and requested by us. This includes the cost of taking inventory, getting appraisals, and preparing other data in order to determine the extent of the loss. This coverage does not apply to costs incurred under the Appraisal provision in the Loss Conditions section

11. Lost Key Consequential Loss is added as follows

a. If a master or grand master key for the described premises is lost or damaged by a Covered Cause of Loss, we will

b. We will not pay for loss or damage

(1) Resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with other persons or

(2) For that part of any loss when the only proof of which as to its existence or amount is dependent upon

(a) An inventory computation or

(b) A draft and loss computation

However where you establish wholly apart from such computations that you have sustained a loss then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.

c. The most we will pay for a loss or damage in any one occurrence is the limit shown in the Premier Choice Property Enhancement Schedule.

d. We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no limit of insurance accumulates from year to year or period to period.

e. This Additional Coverage does not apply to any "employee" immediately upon discovery by

(1) You, or

(2) Any of your partners, officers or directors not in collusion with the "employee"

of any dishonest act committed by that "employee" before or after being hired by you.

f. We will pay only for covered loss or damage sustained during the policy period and "discovered" no later than one year from the end of the policy period.

g. The following provisions apply with respect to loss sustained during prior insurance issued by us or any affiliate

(1) Loss Sustained Partly During Prior Insurance and Partly During Prior Insurance. If you "discover" loss during the Policy Period shown in

the Declarations resulting directly from an "occurrence" taking place

(a) Partly during the Policy Period shown in the Declarations, and

(b) Partly during the Policy Period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest

and this insurance became effective at the time of cancellation of the prior insurance, we will first settle the amount of loss that you sustained during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place entirely during the Policy Period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest, we will pay for the loss provided.

(a) This insurance became effective at the time of cancellation of the prior insurance and

(b) The loss would have been covered under this insurance had it been in effect at the time of the "occurrence"

We will first settle the amount of loss that you sustained during the most recent prior insurance. We will then settle the remaining amount of loss that you sustained during the Policy Period(s) of any other prior insurance.

(3) In settling loss subject to this Condition

(a) The most we will pay for the entire loss is the highest single limit of insurance applicable during the period of loss, whether such limit was written under this insurance or was written under the prior insurance issued by us.

CL CP 00 32 09 15 Includes copyrighted material of Insurance Services Office, Inc. with its permission Page 8 of 21

(b) We will apply the applicable Deductible Amount shown in the Deductible Section of the endorsement to the amount of loss sustained under this insurance. If no loss was sustained under this insurance we will apply the Deductible Amount shown in the Deductible Section of the endorsement to the amount of loss sustained under the most recent prior insurance.

If the Deductible Amount is larger than the amount of loss sustained under this insurance or the most recent prior insurance, we will apply the remaining Deductible Amount to the remaining amount of loss sustained during the prior insurance.

We will not apply any other Deductible Amount that may have been applicable to the loss.

h. The insurance under paragraph g. above is part of not in addition to the Limit of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under

(1) This Additional Coverage as of its effective date, or

(2) The prior insurance had it remained in effect.

i. You may extend this coverage to apply to loss caused by any "employee" while temporarily outside the Coverage Territory for a period of not more than 90 days.

j. Additional Condition

(1) Any "employee benefit plan(s)" provided by the insured to their "employees" is included as an insured under Employee Theft coverage.

(2) If any "employee benefit plan(s)" is insured jointly with any other entity under this policy, you or the Plan Administrator must select a Limit of Insurance that is sufficient to provide a Limit of Insurance for each Plan that is at least equal to the amount required if each Plan were separately insured.

(3) When respect to losses sustained by any such Plan, paragraph 17.a. is replaced by the following:

We will pay for loss of or damage to funds and "other property" resulting directly from "fraudulent or dishonest acts committed by an employee" whether identified or not, acting alone or in collusion with other persons.

(4) If the first Named Insured is an entity other than a Plan, any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.

(5) If two or more Plans are insured under this policy, any payment we make for loss

(a) Sustained by two or more Plans, or

(b) Of commingled "money", "securities" or "other property" of two or more Plans,

resulting directly from an "occurrence" will be made to each Plan sustaining loss in the proportion that the Limit of Insurance required for under ERISA for each Plan bears to the total of those limits.

18. Forgery or Alteration is added as follows

a. We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes or similar written promises, orders or documents to pay a sum certain in "money" that are

(1) Made or drawn by or drawn upon you, or

(2) Made or drawn by one acting as your agent

Or that are purported to have been so made or drawn.

For the purposes of this Additional Coverage a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated that same as the original it replaced.

b. If you are sued for refusing to pay any instrument covered in paragraph a. on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.

CL CP 00 32 09 15 Includes copyrighted material of Insurance Services Office, Inc. with its permission Page 9 of 21

c. The most we will pay for loss in any one occurrence is the limit shown in the Premier Choice Property Enhancement Schedule.

19. Utility Services - Direct Damage is added as follows

a. We will pay for loss of or damage to Covered Property caused by an interruption in utility service to the described premises. The interruption in utility service must result from the direct physical loss or damage by a Covered Cause of Loss to property that provides the services shown below in paragraph b.

Coverage for loss of or damage to Covered Property does not apply to loss or damage to electronic data, including destruction or corruption of electronic data.

The term Electronic data has the meaning described under Property Not Covered in the Building and Personal Property Coverage Form.

b. Utility Services include

(1) Water Supply Services, meaning the following types of property supplying water to the described premises:

(a) Pumping stations and

(b) Water mains;

(2) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises such as

(a) Communication, transmission lines, including optical fiber transmission lines,

(b) Coaxial cables, and

(c) Microwave radio relays except satellites.

It does not include overhead or transmission or distribution lines.

(3) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to the described premises:

(a) Utility generating plants,

(b) Switching stations,

(c) Substations,

(d) Transformers, and

(e) Transmission lines.

1 does not include overhead transmission or distribution lines.

c. As used in this Additional Coverage the term transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.

d. The most we will pay for loss under this Additional Coverage in any one occurrence is the limit shown in the Premier Choice Property Enhancement Schedule.

20. Money and Securities is added as follows

a. We will pay for loss of "money" and "securities" used in your business caused by theft (meaning any act of stealing), disappearance or destruction.

b. We will not pay for

(1) Loss resulting from accounting or arithmetical errors or omissions.

(2) Loss resulting from the giving or surrendering of property in any exchange or purchase.

(3) Loss of property contained in any "money" operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

(4) Loss resulting from any dishonest or criminal act committed by you or any of your directors, trustees or authorized representatives:

(a) Acting alone or in collusion with other persons or

(b) While performing services for you or otherwise.

(5) Loss of property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises":

(a) On the basis of unauthorized instructions, or

(b) As a result of a threat to do

(i) Bodily harm to any person, or

(ii) Damage to any property.

Page 8 of 21

Page 10 of 21

(c) But this exclusion does not apply to loss of "money" and "securities" while outside the "premises" or "banking premises" in the care and custody of a "messenger" if you

(i) Had no knowledge of any threat at the time the conveyance began, or

(ii) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

(6) Loss that is an indirect result of any act or "occurrence" covered by this Additional Coverage, including, but not limited to, loss resulting from

(a) Your inability to realize in commerce that you would have realized had there been no loss of, or loss from damage to "money" or "securities" or

(b) Payment of damages of any type for which you are legally liable.

c. To the extent that coverage for "money" and "securities" is provided by this Additional Coverage, the Property Not Covered provisions in the Building and Personal Property Coverage Form do not apply.

d. You must keep records of all "money" and "securities" so we can verify the amount of loss or damage.

e. The following is added to the Valuation provisions under the Loss Conditions Section

(1) For "money", at face value, or at our option its dollar equivalent (if from a country other than the United States) based on exchange rates in effect when the loss occurred.

(2) For "securities" the lesser of the value of the "securities" as of the close of business on the day when the loss occurred, or the value of replacing the "securities" in kind.

If replaced in kind, you must assign to us all your rights, title and interest in and to those "securities". We will not pay for the loss of income interest, or dividends that occur as a result of the loss of "securities".

f. The most we will pay for loss in any one occurrence that occurs on premises is the limit shown in the Premier Choice Property Enhancement Schedule.

g. The most we will pay for loss in any one occurrence that occurs off premises is the limit shown in the Premier Choice Property Enhancement Schedule.

D. The Coverage Extensions in the Coverage section are amended as follows

1. Newly Acquired Or Constructed Property is amended as follows

a. The separate Limits of Insurance for Buildings and Your Business Personal Property are combined and increased to the limits shown in the Premier Choice Property Enhancement Schedule.

b. The number of days under Period Of Coverage is increased to 60 days.

2. Personal Effects And Property Of Others is deleted and replaced by the following:

a. You may extend the insurance that applies to Your Business Personal Property to apply to

(1) Personal Effects owned by you, your officers, your partners or your members, your managers or your employees. This includes tools owned by your employees that are used in your business while such tools are located in or on buildings(s) or structure(s) described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the building(s) or structure(s) or within 1,000 feet of the premises described in the Declarations, whichever distance is greater; and

(2) Personal property of others in your care, custody or control. This includes property that you have sold which is awaiting delivery or installation.

However this Coverage Extension does not apply if the loss is covered by other insurance, whether collective or not.

CL CP 00 32 09 15

Includes copyrighted material of Insurance Services Office, Inc. with its permission

Page 11 of 21

2. The amounts of insurance stated for the following Additional Coverages and Coverage Extensions apply in accordance with the terms of such coverage. These amounts of insurance are separate from and in addition to the Limits of Insurance shown in the Declarations for any other coverage. Also, the Additional Condition, Circumstance, does not apply to the following:
- Brands and Labels
 - Expected Expenses
 - Fire Department Service Charge
 - Pollant Clean-up And Removal
 - Fire Protection Equipment Recharge
 - Loss Data Preparation Cost
 - Lost Key Consequential Loss
 - Money Orders and Counterfeit Money
 - Money and Securities
 - Reward Payment
 - Discharge From Sewers, Drains or Sumps
 - Ordinance or Law - Demolition Costs and Increased Cost of Construction
 - Employee Theft (Including ERISA)
 - Forgery or Alteration
 - Utility Services - Direct Damage
 - Accounts Receivable
 - Consequential Loss to Stock
 - Fine Arts at Market Value
 - Computer Equipment and Electronic Data
 - Leasehold Interest - Improvements and Betterments
 - Outdoor Signs
 - Property in The Care, Custody And Control Of Salespersons
 - Seizure
- Payments under the Additional Coverage, Preservation Of Property will not increase the applicable limit of insurance.
4. **Business Personal Property - Seasonal Increase**
- To provide for seasonal variations, the limit of insurance for Business Personal Property will automatically increase by the percentage shown in the

- Premier Choice Property Enhancement Schedule
- This increase will apply only if the limit of insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:
 - The 12 months immediately preceding the date the loss or damage occurs or
 - The period of time you have been in business as of the date the loss or damage occurs.
- F. The Deductible Section is amended as follows:
- No deductible applies to the following Additional Coverages:
 - Reward Payment
 - Fire Protection Equipment Recharge
 - Forgery or Alteration
 - Loss Data Preparation Cost
 - Lost Key Consequential Loss and
 - Money Orders and Counterfeit Money
 - With respect to Computer Equipment Including Electronic Data:
 - A \$1,000 deductible applies to loss or damage caused by or resulting from mechanical breakdown, power interruption, power surge, blackout, brown out, short circuit, blowout, electrical disturbance within the "electronic data processing hardware" or electrical, or magnetic injury, disturbance or erasure of electronic recordings.
 - A \$500 deductible applies to any covered cause of loss not described in 2.a. above.
 - With respect to Employee Theft (Including ERISA):
 - A \$1,000 deductible per "occurrence" applies. However, this deductible does not apply to loss sustained by any "Employee benefit plan".
 - Unless otherwise specified in 1, 2, or 3. above, a \$500 deductible applies to loss or damage caused by a covered cause of loss to each Additional Coverage or Coverage Extension in this endorsement:
 - If an occurrence is caused by a covered cause of loss and results in

CL CP 00 32 09 15

includes copyrighted material of Insurance Services Office, Inc. with its permission

Page 16 of 21

CL CP 00 32 09 15

includes copyrighted material of Insurance Services Office, Inc. with its permission

Page 17 of 21

- This exclusion applies only to the extent of the wrongful giving, taking, or withholding:
- Bookkeeping, accounting or filing errors or omissions
 - Electrical or magnetic injury, disturbance, or erasure of electronic recordings that is caused by or results from:
 - Programming errors or faulty machine instructions
 - Faulty installation or maintenance of data processing equipment or component parts
 - An occurrence that took place more than 1,000 feet from your "premises" or
 - Interruption of electrical power supply, power surge, blackout or brownout if the cause of such occurrence took place more than 1,000 feet from your premises.
 - "Unauthorized instructions" to transfer property to any person or to any place
 - "Loss" that requires any audit of records or any inventory computation to prove its factual existence
- F. The following additional exclusions apply to the Additional Coverage, Computer Equipment Including Electronic Data:
- We will not cover loss resulting directly or indirectly from:
- Errors or omissions in programming or processing "electronic data and media"
 - Errors or deficiency in design, installation, maintenance, repair or modification of your computer system or any computer system or network to which your system is connected or on which your system depends, including "electronic data and media"
 - Manipulation of your computer system, including "electronic data and media" by an employee, volunteer worker or contractor, for the purpose of diverting "electronic data and media" or causing fraudulent or illegal transfer of any property; and
 - Unauthorized viewing, copying or use of "electronic data and media" or any proprietary or confidential information or intellectual property in any form by any person, even if such activity is characterized as theft

- G. With respect to the coverage provided by the Coverage Extension, Outdoor Signs, the Causes of Loss - Special Form is amended as follows:
- Section B. Exclusions does not apply to this Coverage Extension except for the following paragraphs:
 - B.1.c. Governmental Action;
 - B.1.d. Nuclear Hazard;
 - B.1.f. War And Military Action;
 - B.2.d.(1) Wear and Tear
 - B.2.d.(2) Rust of any property that causes damage
 - B.2.m. Neglect
 - The following additional exclusions apply to the Coverage Extension, Outdoor Signs:
 - Dampness or dryness of atmosphere
 - Changes in extremes of temperature
 - Marring or scratching; or
 - Rain, snow ice or sleet
- H. The following additional exclusion applies to the Additional Coverage, Employee Theft (Including ERISA):
- We will not pay for loss that is an indirect result of any act or "occurrence" covered by this insurance including but not limited to loss resulting from:
- Your inability to realize income that you would have realized had there been no loss of or loss from damage to Covered Property.
 - Payment of damages of any type for which you are legally liable. But we will pay compensatory damages arising directly from a loss covered under this insurance
- I. The Limitations Section, paragraph 3 is amended as follows:
- The special limit for theft of furs fur garments and garments trimmed in fur is increased from \$2,500 to the limit shown in the Premier Choice Property Enhancement Schedule
 - The special limit for theft of jewelry, watches, watch movements, jewelry parts, precious or semiprecious stones, emeralds, gold, silver, platinum and other precious alloys or metals is increased from \$2,500

CL CP 00 32 09 15

includes copyrighted material of Insurance Services Office, Inc. with its permission

Page 18 of 21

- to the limit shown in the Premier Choice Property Enhancement Schedule
- The special limit for theft of patterns, dies, molds and forms is increased from \$2,500 to the limit shown in the Premier Choice Property Enhancement Schedule
 - The special limit for theft of stamps, tickets, including lottery tickets held for sale, and letters of credit is increased from \$250 to the limit shown in the Premier Choice Property Enhancement Schedule
- III. Changes to the Commercial Property Conditions
- With respect to this endorsement only section G Other Insurance of the Commercial Property Conditions is deleted and replaced by the following:
- If there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable limit of insurance shown on the Premier Choice Property Enhancement Schedule
- IV. Definitions
- "Banking Premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository
 - "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine
 - "Computer Equipment" with respect to the coverage provided by the Additional Coverage, Computer Equipment Including Electronic Data means:
 - Computer "hardware" and related component parts capable of accepting information, processing it according to instructions and producing the results in a desired form. Component parts include but are not limited to: modems, printers, keyboards and scanners
 - Computer control systems including uninterruptible power supply systems, line conditioner and voltage regulator, and
 - Telecommunications equipment including telephones, telephone switchgear (including PBX systems), facsimile transmission equipment, video conferencing equipment, and other related telephone equipment and component parts whose function is the

CL CP 00 32 09 15

includes copyrighted material of Insurance Services Office, Inc. with its permission

Page 19 of 21

- Programming errors or faulty machine instructions or
 - Faulty installation or maintenance of data processing equipment or component parts
- But we will pay for direct loss or damage caused by lightning
- Errors or omissions in processing or copying. But if errors or omissions in processing or copying result in fire or explosion, we will pay for the direct loss or damage caused by the fire or explosion.
- D. With respect to the coverage provided in the Coverage Extension, Property Off-premises and In Transit, the Additional Coverage Extension, Property In Transit in the Causes of Loss - Special Form is deleted
- E. With respect to the coverage provided by the Coverage Extension, Accounts Receivable, the Causes of Loss - Special Form is amended as follows:
- Section B. Exclusions does not apply to this Coverage Extension, except for the following paragraphs:
 - B.1.c. Governmental Action;
 - B.1.d. Nuclear Hazard;
 - B.1.f. War And Military Action
 - B.2.f. Continuous or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor that occurs over a period of 14 days or more
 - B.2.g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless
 - B.2.h. Dishonest or Criminal act (including theft)
 - B.2.i. Dishonest or Criminal act (including theft)
 - B.3., including items 3.a. through 3.e.
 - The following additional exclusions apply to the Coverage Extension, Accounts Receivable:
 - Alteration, falsification, concealment or destruction of records or accounts receivable done to conceal the wrongful giving, taking, or withholding of "money," "securities" or other property.
- We will not pay for:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS INCOME ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
EXTRA EXPENSE COVERAGE FORM
BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM
COMMERCIAL PROPERTY CONDITIONS

The following is a summary of the coverages provided by this endorsement. This endorsement is subject to the provisions, conditions, and exclusions of the policy to which it is attached, unless specifically deleted, replaced or modified herein.

Coverage	Limit of Insurance
Contract Penalty Clause	\$5,000
Extra Expense	\$25,000
Business Income and Extra Expense From Dependent Properties	\$100,000
Utility Services Time Element	\$25,000
Newly Acquired or Constructed Property - Business Income	\$250,000
Increased Time To Report	180 Days

The provisions of the Building and Personal Property Coverage Form and the causes of loss special form apply except as otherwise provided in this endorsement.

I. Changes to the Building and Personal Property Coverage Form

A. The additional coverages are added as follows:

1. Contract Penalty Clause

We will pay the contract penalties you are required to pay to your customers as a result of any written contract in your contract for failure to timely deliver your product or service according to contract terms provided the contract was executed prior to the loss or damage. The penalties must solely result from direct physical loss or damage by a Covered Cause of Loss to covered property. The most we will pay for penalties for all contracts in any one occurrence is \$5,000.

2. Extra Expense

When a loss covered by this policy occurs:

(a) We will pay any Extra Expense to avoid or minimize the suspension of your business and to continue operations:

- At the described premises; or
- At replacement premises or at temporary locations, including:

CL CP 00 36 09 15 Includes copyrighted material of Insurance Services Office, Inc. with its permission. Page 1 of 6

(i) Relocation expenses; and

(ii) Costs to equip and operate the replacement or temporary locations.

(b) We will pay any Extra Expense to minimize the suspension of business if you cannot continue operations.

(c) We will pay any Extra Expense to:

- Repair or replace any property; or
- Research, replace or restore the lost information on damaged valuable papers or records, to the extent that this loss otherwise payable is reduced.
- Under this Additional Coverage, the definition of "Extra Expense" means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

(d) The Cause of Loss - Special Form B, Exclusions - Item 4, Special Exclusions, which apply to the Extra Expense or Business Income Coverage Forms shall apply to this coverage.

(e) We will not pay more than \$25,000 in any one occurrence. The expiration date of this policy will not out short the "period of restoration."

3. Business Income and Extra Expense From Dependent Properties

(a) You may extend the insurance provided by this Coverage Form to apply to the actual loss of "business income" you sustain due to the necessary "suspension" of your "operations" during the dependent property period of restoration. The "suspensions" must be caused by direct physical loss of or damage to "dependent property" caused by or resulting from any Covered Cause of Loss.

(b) We will pay the actual and necessary "Extra Expense" you incur due to direct physical loss or damage to "dependent property" caused by or resulting from any Covered Cause of Loss.

(c) Under this Additional Coverage, the definition of "Extra Expense" means necessary expenses you incur during the "dependent property period of restoration" that you would not have incurred if there had been no direct physical loss or damage to premises of any "dependent property" caused by or resulting from a Covered Cause of Loss.

(1) To avoid or minimize the suspension of business and to continue "operations"; or

(2) To minimize the suspension of business if you cannot continue "operations."

(3) We will reduce the amount of your "Business Income" loss, other than "Extra Expense", to the extent you can resume "operations" in whole or in part by using any other available:

- Source of materials; or
- Outlets for your products.

(d) The most we will pay under this Additional Coverage is \$100,000 for loss you sustain from loss of or damage to "dependent property" at any one "dependent property" at any one "dependent property" location. The amount payable under this Additional Coverage is additional coverage.

CL CP 00 36 09 15 Includes copyrighted material of Insurance Services Office, Inc. with its permission. Page 2 of 6

4. Utility Services - Time Element

(a) You may extend the insurance provided by this Coverage Form to apply to the loss of "business income" or "extra expense" at the described premises caused by the interruption in utility service to that premises. The interruption in utility service must result from the direct physical loss or damage by a Covered Cause of Loss to property not on the described premises that provides the services shown below in paragraph (a).

(b) We will only pay for loss you sustain after the first 24 hours following the direct physical loss or damage to the property described above. The most we will pay for any loss under this Additional Coverage is \$25,000 at each described premises.

(c) Utility Services include:

(1) Water Supply Property, meaning the following types of property supplying water to the described premises:

- Pumping stations; and
- Water mains.

(2) Wastewater Removal Property, meaning a utility system for removing wastewater and sewage from the described premises, other than a system designed primarily for draining storm water. The utility property includes sewer mains, pumping stations and similar equipment for moving the effluent to a holding, treatment or disposal facility, and includes such facilities.

Coverage under this Additional Coverage does not apply to interruption in service caused by or resulting from a discharge of water or sewage due to heavy rainfall or flooding.

(3) Communication Supply Property, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:

- Communication transmission lines, including optical fiber transmission lines;
- Coaxial cables; and
- Microwave radio relays except satellites.

It does not include overhead transmission lines of such Communication Supply Services.

(4) Power Supply Property, meaning the following types of property supplying electricity, steam or gas to the described premises:

- Utility generating plants;
- Switching stations;
- Substations;
- Transformers; and
- Transmission lines.

It does not include overhead transmission lines of such Power Supply Services.

CL CP 00 36 09 15 Includes copyrighted material of Insurance Services Office, Inc. with its permission. Page 3 of 6

II. If attached to the policy, the Business Income (And Extra Expense) Coverage Form, the Business Income (Without Extra Expense) Coverage Form, and/or the Extra Expense Coverage Form are changed as follows:

A. Newly Acquired Locations

- You may extend this insurance to apply to property at any location you acquire other than at fairs or exhibitions.
- The most we will pay for loss under this Coverage Extension is \$250,000 at each building. This Coverage Extension provides an additional amount of insurance.
- With respect to insurance on or at each newly acquired location, coverage will end when any of the following first occurs:
 - This policy expires;
 - 180 days expire after you acquire the property; or
 - You report values to us. We will charge you additional premium for values reported from the date you acquired the property.

III. Other Insurance of CP 0090, Commercial Property Conditions is amended to read as follows for this endorsement only:

A. You may have other insurance subject to the same plan, terms, conditions and provisions as the Special Coverage Extensions provided under this endorsement.

B. If you do, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you collect it or not. But we will not pay more than the applicable Limit of Insurance.

IV. Definitions

The following definitions only apply to the additional coverages found in Section I, Changes to the Building and Personal Property Coverage Form, within this endorsement. These definitions do not apply to any other coverages found within a policy to which this endorsement is attached.

A. "Business Income" means:

- Net Income (Net Profit or Loss before income taxes that would have been earned or incurred if no physical loss or damage had occurred); and
- Continuing normal operating expenses, netted, including payroll.

B. "Dependent Property" means property operated by others whom you depend on to:

- Deliver materials or services to you or to others for your account. Services do not include:
 - Water supply services;
 - Power supply services;
 - Wastewater removal services; or
 - Communication supply services, including services relating to internet access or access to any electronic network.

- Accept your products or services.

CL CP 00 36 09 15 Includes copyrighted material of Insurance Services Office, Inc. with its permission. Page 4 of 6

- (b) Vehicles or self-propelled machines other than autos, you hold for sale.
- (c) Rowboats or canoes out of water at the described premises, or
- (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers, or
- g. The following property while outside of buildings:
- (1) Grain, hay straw or other crops,
 - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions

3. Covered Causes Of Loss

See applicable Causes Of Loss form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:

- (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property.
- (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to remove such property and it is insured under this policy.
- (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension.

- (d) Remove property of others of a type that would not be Covered Property under this Coverage Form.
- (e) Remove deposits of mud or earth from the grounds of the described premises.
- (f) Extract "pollutants" from land or water or
- (g) Remove, restore or replace polluted land or water.

- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:

- (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

- (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.

- (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
- (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example 1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500 (\$50,000 - \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000 (\$10,000 is 20% of \$50,000)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph (5).

Example 2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500 (\$80,000 - \$500)
Debris Removal Expense:	\$ 40,000
Debris Removal Expense Payable:	

Basic Amount: \$ 10,500
Additional Amount: \$ 29,500
The basic amount payable for debris removal expense under the terms of Paragraph (5) is calculated as follows: \$80,000 (\$79,500 + \$500) x 25 = \$20,000, capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$29,500, the maximum payable under Paragraph (4). Thus, the total payable for debris removal expense in this example is \$39,500. \$4,500 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property.

- (1) While it is being moved or while temporarily stored at another location, and

- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges.

- (1) Assumed by contract or agreement prior to loss, or

- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

- (1) We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for monitor or assess the existence, concentration or effects of "pollutants." But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.

- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in (3) through (9) of this Additional Coverage.

- (3) The ordinance or law referred to in (2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.

- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:

- (a) You were required to comply with before the loss, even when the building was undamaged; and
- (b) You failed to comply with.

- (5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth or proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any "remed" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

- (6) The most we will pay under this Additional Coverage for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less, if a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage for that damaged building is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

- (7) With respect to this Additional Coverage:

- (a) We will not pay for the Increased Cost of Construction:

- (i) Until the property is actually repaired or replaced at the same or another premises; and
- (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, but not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of (a)(6) of this Additional Coverage, is the increased cost of construction at the same premises.

- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the increased Cost of Construction, subject to the provisions of (a)(6) of this Additional Coverage, is the increased cost of construction at the new premises.

- (8) This Additional Coverage is not subject to the terms of the Ordinance or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.

- (9) The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in (a)(6) of this Additional Coverage is not subject to such limitation.

f. Electronic Data

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.

- (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:

- (a) If the Causes Of Loss - Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.

- (b) If the Causes Of Loss - Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.

- (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.

- (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.